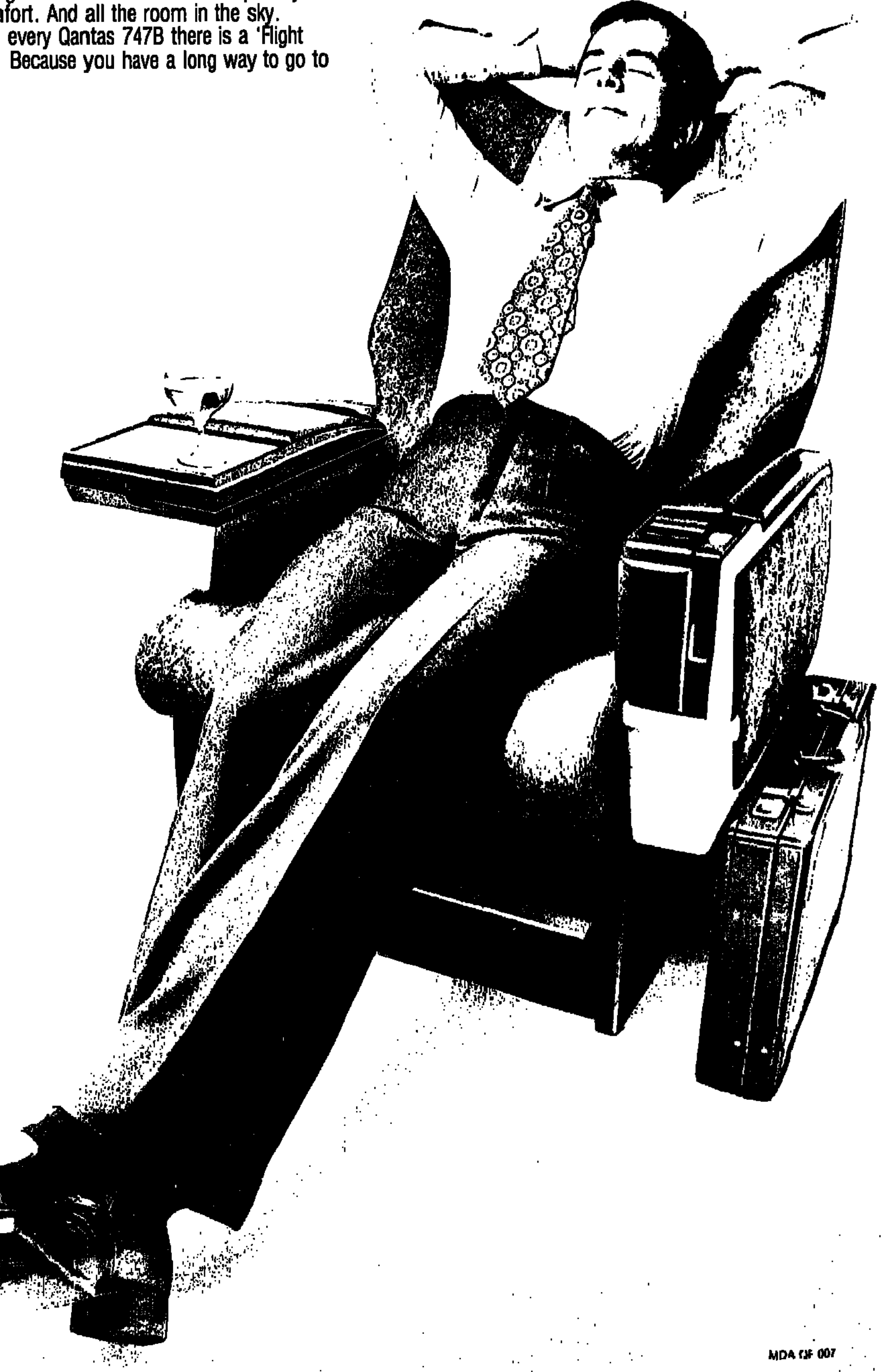




NATIONAL BUSINESS REVIEW

40 cents

Volume 9 No 7 (Issue 324) March 7, 1979

# Travel tax: it's costing us more than it raises

by Duncan Campbell

NEW ZEALAND'S ill-advised travel tax is almost certainly costing the country more than the $13.7 million it raised for the Government in the year to March 31, 1978.

It is costing Air New Zealand thousands of dollars a week. The thousands can be reckoned in terms of lost business and lost commissions on onward fares that would normally have been sold on behalf of other airlines.

Travel agents, too, have seen their returns falling. Their industry has been virtually static since the introduction of the tax at the end of July 1976, and what employment opportunities it formerly offered have dried up in a labour market desperately short of openings.

Yet there has been no reduction in travel.

New Zealanders are just spending their travel funds differently to avoid the tax as they are legally entitled to do. As a result, the country's overseas exchange balances suffer unnecessarily.

Just how much is being lost is anyone's guess. But the trends are there for anyone to see.

There is a growing tendency for New Zealanders embarking on an overseas trip, for example, to buy one-way travel only. The implication is that many are avoiding the tax by buying their return and other travel overseas, using their credit cards, overseas funds to which they have access, or spending a portion of the travel funds they can claim automatically through the ordinary banking system.

Whichever method they employ, the purchase of travel overseas deprives the local travel industry of the commissions it would normally expect from that travel.

Further, those commissions, instead of remaining in New Zealand for the benefit of the country and the industry as a whole, go into some overseas promoter's pocket.

Likewise, as control of the purchaser's travel will be lost, Air New Zealand will lose his business if he is placed on another carrier's service on the return home instead of coming by the international airline.

The procedure is best illustrated by the carefully-checked case of a traveller who spent $1651.50 on a wide-ranging air trip last year. In doing so — and without breaching the law — he saved himself $129 in travel tax.

But the loss to Air New Zealand on that one passenger movement was $800 in terms of the provision of travel and the commissions lost on air fares for transport outside the airline's routes.

If only 1 per cent of Air New Zealand's normal clients repeated this performance, the loss to the airline in failing to win a fare it would otherwise expect would be $3.2 million, while the loss of commissions to the travel industry would be just under $400,000 — unnecessary losses which would have to be met from the country's overseas funds.

Though there is no concrete evidence to prove the point, there are good reasons for believing that the travel tax is costing the national carrier about $8 million a year in lost revenue, and the local travel industry about $800,000.

When it is considered that Air New Zealand does about 56 per cent of the overseas air travel business generated to and from New Zealand, and that no allowance is made for overseas sea travel in the figures quoted, the travel tax is obviously doing more damage to the local industry than may appear at first blush.

With the current worldwide race to provide bargain air fares, those charged in New Zealand will become steadily less competitive with those applying overseas so long as the travel tax remains. And the longer it remains, the greater the likelihood of an increasing outward flow of New Zealanders avoiding the tax by undertaking their world travel from Australia, Norfolk Island, Fiji or elsewhere.

Indeed, though it is early days yet, official figures give credence to the belief that the travel tax avoidance movement is already well underway.

In calendar 1977, for example, the first full year of the tax's application, the number of New Zealanders going overseas for business or pleasure increased by 11.7 per cent (from 245,044 to 273,608). As recorded by the Reserve Bank, the fares paid by New Zealand's overseas travellers rose by 16.0 per cent (from $111.8 million to $130.7 million), but the spending money they took with them jumped 25.15 per cent (from $235.4 million to $294.6 million).

If these percentage increases — 11.7, 16.9, and 25.15 — appear to lack harmony, the figures for calendar 1978 are even more interesting.

New Zealand's overseas business or pleasure seekers jumped by 22.1 per cent (from 273,608 to 334,084) and the amount of spending money they took rose by a roughly similar percentage (from $294.6 million to $365.3 million or 24 per cent).

But the 22 per cent increase in their numbers, and the 24 per cent increase in their spending money, was accompanied by a mere 3.3 percentage increase in what they paid for their overseas travel (from $130.7 million to $135 million).

It is possible, of course, that they travelled shorter average distance than they did the year before, or that they all climbed aboard the bargain fare bandwagon.

Nevertheless the figures do leave room for the speculation: can the Government continue to afford the luxury of a travel tax?

## INSIDE



# Complex moves afoot for carpet industry

by Warren Berryman

CARPET manufacturers are facing a complex marketing equation in a market where few of the parameters remain constant.

Wool prices have gone up from $2.05 a kg to $2.40 a kg in a matter of weeks. There is a wide variance of opinion on whether or not these prices will hold. If they do, the 20 per cent increase in wool prices will mean a 5 to 6 per cent ex-factory price increase for carpet.

At the same time, the shortage in naphtha brought about by the Iranian crisis has led to soaring prices for petrochemicals. This could mean increased prices for synthetic carpet — New Zealand's competitor.

The final price differential between wool and synthetic carpet is anyone's guess at the moment.

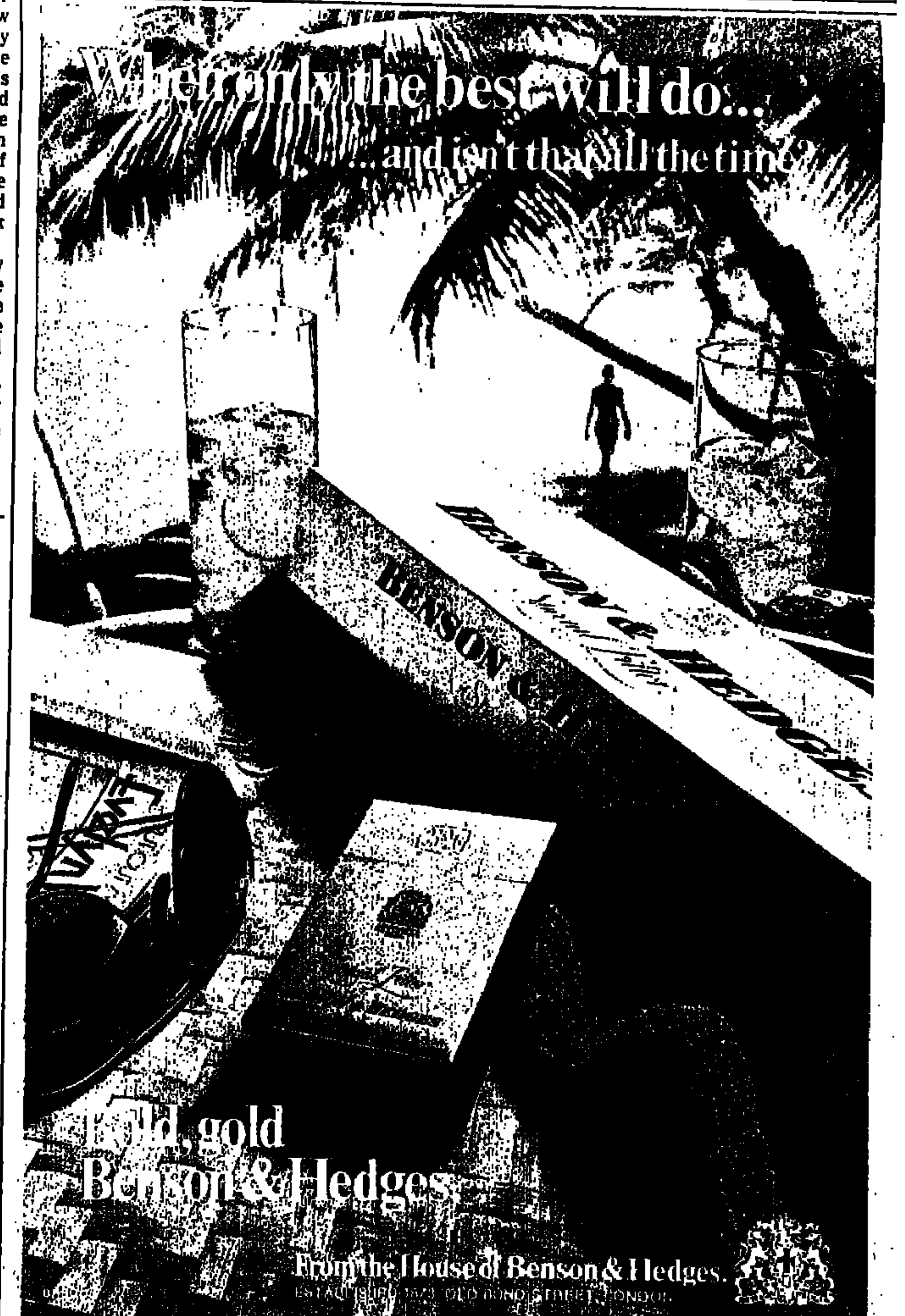
Add to this last week's negotiations between the New Zealand and Australian carpet industries, and the future shape of the carpet market is far from clear.

Australia is in a protectionist mood. Pressure from Australian carpet manufacturers led to a 2.1 million square metre quota being put on carpet imports from New Zealand.

But New Zealand carpet manufacturers are now hopeful that they have convinced the Australians that the real threat to their industry comes from third-country imports of synthetic carpet, which hold a 40 per cent market share in Australia. New Zealand wool carpet holds only 5 per cent of the Australian market. New Zealand's expensive wool carpet does not compete in price in Australia the way the synthetics do.

Overcapacity in manufacturing of cheap synthetic carpet in Canada and the United Kingdom has led to vast quantities of carpet being dumped at cut-rate prices on the Australian market. Unable to compete, Australian manufacturers have been going under.

New Zealand carpet manufacturers are hoping for an increase in the New Zealand carpet quota and a reduction in the amount of synthetic carpet being allowed into Australia. The result, if these talks go as New Zealand manufacturers hope they will, will be closer co-operation between New Zealand and Australian manufacturers, joined together under the auspices of NAFTA in a protectionist club against third countries manufacturing synthetic carpet.






Registered at Post Office Headquarters as a newspaper.

Incorporating Admark

# Democracy, yes; but go easy on the socialism

by Colin James

THERE are stirrings deep in the Labour Party. And it is just possible that this time they will not fade away.

From regional conferences round the country there have come, in various forms, messages that there should be a bit more decentralisation and democracy in the party. Democratic socialism, it seems, should start at home.

At the root of the issue is an uncertainty about the ideological direction the party should take, and the rank and file will not happily leave it up to the parliamentarians who for many years have dominated policymaking and had a fat finger in the organisational pie.

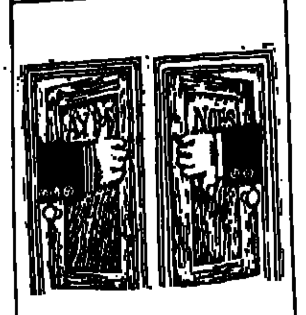
It seems the ripples may have lapped against the leader's door. Bill Rowling has the reputation of being —from 1970 to 1973—one of the most able presidents the party has had, and from all accounts he got around the branches and cocked an ear to the murmurings in the depths.

If he is still sensitive to the party's mood, he will be well aware that it is different now. The party is much bigger, primarily in reaction to the National win in 1975. Branch members have more say vis-a-vis the unions. There is an itch to do something.

The question for a leader is: what? Rowling has been an MP for a decade and a-half; a Cabinet minister for three years; leader of the party for four and a-half, 15 months as a downhill Prime Minister. What can someone so integrated into the party of the past offer that is new?

To certain sections of the party he is the personification of the brakes on the development of imaginative policies that would distinguish Labour from National as the party of the future.

Yet harken to his words to the Wellington regional conference. The Labour Party had done poorly over 30 years because it was a party of change in times of ease and complacency, and had tried to



POLITICS

accommodate itself to the politics of ease and complacency and so blurred the major party distinction.

(Are we permitted to read into those words a criticism of the Kirk leadership, which has cast a long shadow over Rowling's leadership? Are we now to see an election-fortified Rowling strike out in new directions, Rowling directions?)

The tide of history, he said, had turned. It was now time again for "hard decisions and sometimes radical change". Labour had to capitalise on that opportunity, as it had failed to do last year.

"We must make a clear projection of who we are, what we stand for, our direction for the future," he said. "We must never be afraid to be different."

How different? Confusedly different, it seemed from his speech.

Try "democratic socialism" for a start. It is a good start because most party members now seem to believe that that is what they stand for.

But there are almost as many definitions of what it is, as there are members, which rather inhibits concerted action, as Wellington conference delegates complained.

So Rowling offered his version. It turned out to be a sort of "socialism-of-the-holes": the State as a glorified fix-it man, called in when the plumbing goes wrong.

Democracy, in his lexicon, was "the will of the people"; socialism "the collective action to express that will where individuals have neither the power nor the resources to do the job".

Individuals? Socialism? Read on: "It is a philosophy of collective strength which does not supplant but complements the talents and initiatives of the individual . . . The worth and dignity of the individual has always been a central feature of the Labour movement."

Wait a minute. Wasn't the labour movement founded on the principle of solidarity- of subordination of individual interest to the greater good

This concern for the individual might be fashionably undogmatic and avoid the danger of ramming ideology down people's throats, but it seems at most tenuously socialistic. So does Labour's recent un-keynesian determination to balance the budget.

Socialism used to be the socialisation of the means of production, distribution and exchange. The nearest to that these days—the aberration at the 1977 Labour Party annual conference excepted—is the Values Party's programme of cooperativisation of business enterprises.

(Perhaps even that has its place. One 1978 Values candidate told me of a large donation from a Labour supporter and intending voter who gave her the money because "Labour needs the Values Party" —presumably meaning as some sort of ginger group.)

Rowling however, may be in tune with the new Muldoon expanded Labour Party. The Wellington regional conference chose unanimously to be "democratic socialist" rather than "socialist".

The extent of its socialism was to prefer cooperation to competition as "the main governing factor in economic relations"; to seek management of the country's resources "by all for the benefit of all"; and to enjoin the State to "ensure a just distribution of wealth" though allowing individual or group ownership of wealth or property for their own use).

From reports I have had of other regional conferences, there has not been much greater enthusiasm for socialism elsewhere. The theme might be: be different from the National Party, by all means; but not too different leave that to Social Credit and Values.

But the grassroots seem to have got their teeth into this democracy notion. At their regional conference they have been decisively passing motions, the effect of which would be to limit the freedom of manoeuvre and influence of the parliamentary party.

Enough have been passed to ensure that the question of whether a member of Parliament should be allowed to be president (or senior vice-president) will be debated at the annual conference in May.

A union-platform alliance may kill it then, but parliamentarians might be wise to heed the strength of feeling this has aroused in the branches. Arthur Faulkner has been none too popular a president. When one delegate at the Wellington conference referred to praise by Faulkner as being "high praise indeed", there was a spontaneous outburst of cynical laughter.

Non-MP Jim Anderton, despite a legacy of hostility aroused by his 1967 attempts to cut union power in the Auckland party, came within 200 votes of unseating Faulkner last year. It is now commonly held that if Stu

JOE WALDING ... no longer such a clear favourite.

McCaffley of the Drivers' Federation had stayed in the race then and split the union vote, Faulkner may have ended up third on the first ballot and put Anderton in.

I have heard no substantial criticism of Joe Walding's ability to handle the presidency. But it is now clear he will have no cake-walk.

The argument against excluding MPs centres on the time-consuming nature of the task. MPs have State-paid time; other contenders need union sponsorship (Big Jim Roberts in the 1930s and 1940s) or a profession they can take time off from (Dr Martyn Finlay in the early 1960s)—and there are not enough able such candidates in the party.

The argument for a non-MP centres on envy of the National Party's George Chapman.

"We are continuing to widen the gap between us and the highly professional National Party," Yvonne Grove said at the Wellington conference. "We cannot compete with the full-time professional people the National Party can call on."

To promote professionalism both the Auckland and Wellington conferences passed motions designed to ensure the general secretary can stand for Parliament as secretary John Wybrow did in 1978. Wellington extended that to the president and the senior vice-president. Both called for an honorarium for the president and the southern North Island region wanted a full-time salaried presidency.

The unspoken argument for the nose-thumb to the parliamentary party was that an MP-infested presidency and executive does not encourage the transmission to the caucus of party views that vary from the parliamentary line—one of Chapman's achievements in the National Party, at least until recently.

This came through in demands by both Wellington and Auckland conferences for no more MPs than non-MPs on the powerful policy committee, now dominated by MPs.

Conference delegates struck another blow for internal democracy by demanding, in effect, stronger local party representation on electorate candidate selection panels. The tangles and punch-ups of 1977 have left a mark which broader membership won't obliterate.

These are early days. So far movements in the past have not got far. But, if you'll forgive the term, the mood seems a little more bolshie this time round.





# Chapman about to resign?

by Colin James

NATIONAL PARTY president George Chapman is close to announcing his resignation, usually reliable sources disclosed as NBR went to press last week.

An announcement may come at a meeting of the Wellington divisional executive of the party on March 13.

It is understood the question of Chapman's resignation was discussed at a meeting of the parliamentary caucus last Thursday.

Chapman has been a highly popular and effective president since 1973, and has been widely expected to see the party through one more election. But he has become increasingly disenchanted with the current party leadership.

The feeling is shared by many in the party and their disenchantment has been heightened in the past two weeks by Prime Minister Robert Muldoon's championship of Transport Minister Colin McLachlan.

Chapman's departure would strengthen Muldoon's hold on the leadership.

Party sources last week were suggesting that the leadership and the parliamentary party as a whole have not been responsive enough to party opinion. They suggested Chapman's job, an important part of which has been seen by the rank and file as keeping open channels of communication with the parliamentary party, has become increasingly untenable.

Chapman would be likely, however, to present his departure to the public as retirement after six years' hard work, rather than as any high-level disagreement. His loyalty to the party and to

GEORGE CHAPMAN . . . resignation?

BARRIE LEAY . . . to follow suit?

party traditions is unquestionable.

He may not be the only departure. Rumours are increasing in both Wellington and Auckland that general director Barrie Leay, who has been widening his business contacts, particularly in Auckland, may follow suit before too long.

That would be the end of the seemingly invincible duo who have been the envy of Labour Party activists.

Chapman's most likely successor, who would probably be elected at the annual conference in July if he goes, is Auckland divisional chairman Stuart Masters.







# Blitz ahead for lignite hopes

ENERGY MINISTER Bill Birch's first pet project promises to be a focal point for confrontation on several fronts.

Within days of taking over the portfolio, Birch told journalists he had called for an urgent study of the export potential of Southland's vast lignite fields. The deposits, which have the energy equivalent of five Maui-sized gas fields, are seen by the Minister as an export which could significantly help the country's sick balance of payments.

Within two months of this statement, a German mission is here, publicly discussing the manufacture of liquid fuels from the lignite — and its export.

Birch's comment that New Zealand could be manufacturing liquid fuel from Southland lignite within 10 years using present technology must have rung several alarm bells:

- Southland's rich farmlands cover the massive 2000 million tonnes of lignite and this "overburden" would have to be stripped for opencast mining;
- The deposits lie in six basins, stretching up to 8 kilometres by 2½ kilometres, and down more than 250 metres;
- The export of this (New Zealand's biggest) coal deposit would aid the balance of payments, but like Manapouri power, would be a major energy source lost to the country.

In other words, a farmer-conservation lobby coalition would quickly emerge to fight to preserve the highest-priced farmland in the country from the despoliation of opencast mining. While officials say they can assure the farmers and Friends of the Earth that restoration programmes could return the farmland to full productivity, the emotional argument would cause bitter divisions.

The same can be said of the energy lobbyists who would fight strongly against the export sale of such a vital energy resource. Both the Mt Davy coal export opposition and the Manapouri explosion would be dwarfed by the outcry the Birch "look at prospects for using that resource for export purposes" proposal may spark.

The Government has already poured $1.5 million into a proving programme on the eastern Southland lignite fields, punching more than 450 holes into the Southland plains in the process. Further deposits, as yet unmeasured, lie in the nearby Pomahaka and Maitland lignite fields. Already the Germans are carting away some three tonnes of the damp brown coal for detailed testing. This will prove just how well liquid fuel can be extracted from the lignite by the German's Fischer-Tropsch process, developed to produce synthetic petrol during World War 2.

While both the Minister and the Germans talk of a coal-to-petrol refinery within 10 years, informed sources believe the resource is one for development later, when the state of the technology has improved, rather than for immediate use.

Even so, the Government has already engaged consultants to produce studies of the environmental aspects of strip-mining the lignite.

Two other major studies are also under way, one looking at the mining costs and problems of stripping hundreds of thousands of tonnes of plains overburden from the lignite deposits. The other is a study of the various uses the brown coal can be put to.

Sources also warn that since the Fischer-Tropsch process is only 50 per cent efficient, the technology has some way to go before its highly-promising potential to develop liquid fuel production using a $2000 million dollar refinery is realised. That's something the Germans clearly hope to provide. It's a long-term development project and most energy men would oppose export sale of the country's largest coal deposit.

That suggests that Birch's dreams of rapid aid for the teetering balance of payments will remain just dreams.

# EDITORIAL

JUST a few weeks ago, the Wellington City Council favoured the purchase of diesel buses because it couldn't afford new trolley buses. When the Government agreed to subsidise the trolley bus purchase the council should have been left with just one option. But the decision last week to buy 68 new Volvo trolley buses was reached only after a 2½-hour special meeting that split between trolleys and diesels.

Earlier that week, the critical level of our oil stocks suddenly had been made plain when the Government banned weekend petrol sales and urged restraint in a bid to cut consumption by 10 per cent. A few days later, energy planning was thrown into upheaval by Iran's decision to slash back its oil exports and to increase the price by selling to the highest bidder. New Zealand imported more than half its oil from Iran last year and the news was "very serious", said one energy official. Thus the implementation of restraint policies became even more urgent, increasing the likelihood of carless days and rationing.

For the Wellington City Council, in the midst of this, to be in two minds seemed absurd. But the fact that some councillors still favoured diesel-fuelled buses was indicative of a widespread public failure to appreciate the realities of the energy situation. It was evidence, too, of a complacency which had crept into our attitudes since the oil crisis of 1973. Since then, the crisis had worsened as the world's oil resources rapidly dwindled. There have been innumerable Doomsday reports warning us of the inevitability of the oil wells running dry — in just a year or two, according to the most pessimistic. But our oil consumption increased as the emergency measures of 1973 were gradually eased, and no decision has been made to develop indigenous oil alternatives to make New Zealand self-reliant.

Immediately, the most obvious implication for New Zealand commerce of this latest demand for constraint will be the need to develop new transport systems to cut fuel use. Ultimately, however, businessmen must expect repercussions on cost structures as they feel the inflationary effects of soaring fuel prices. There will be consequences, too, for our already serious balance-of-payments problems.

An early Budget will no doubt hold the key to the Government's pricing intentions, but before then regulatory action is likely to push up the price some 15 per cent to pay the higher prices demanded by OPEC and provide a small retail margin for service stations. Another 10 per cent or more is likely from the Budget. With an embarrassingly high internal deficit to be reduced, the Government can be expected to reap all it can from oil sales, and in turn foster conservation. There may be even more increases before the year is out.

Besides raising fuel prices, the Government must launch a vigorous public relations campaign to broadcast the message of constraint. Already full-page advertisements are appearing in the daily press. Indeed, if conservation thinking had been more effectively inculcated since 1973, last week's events would not have come as a shock.

Energy Minister Birch should note that candour must lie at the core of a successful public relations effort. The day after the electricity price hike, one news report speculated that petrol would increase by 25 per cent. Birch said there was nothing to worry about. When BP cut back supplies to world outlets by 40 per cent and he announced the setting up of the energy-demand-restraint committee, Birch expressed optimism that Iran would restore its pre-revolutionary oil supply.

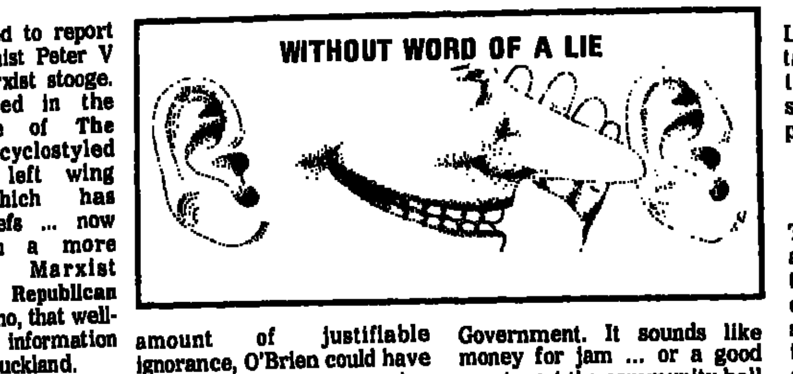
Above all, the Government must take determined action to provide alternative fuels. Ethanol and compressed natural gas appear to be the two best immediate possibilities, considering both technological and economic factors. More lead time would be needed with LPG, methanol and synthetic petrol.

It is known that Mobil (NZ) Ltd wants to establish a synthetic petrol plant using Maui gas, and is putting the final touches to a proposal to the Government. Mobil is talking of getting the project under way within three years. New Zealand could then become a world laboratory in synthetic petrol development and Mobil should be encouraged. Thus there can be no place in Government policy-making for the bureaucratic demands that drove the Hunt oil searchers from our shores.

Bob Edlin



## WITHOUT WORD OF A LIE



WE are perturbed to report that NBR columnist Peter V O'Brien is a Marxist stooge.

All is revealed in the February issue of The Republican, a cyclostyled "magazine of left wing argument" which has "republican beliefs ... now incorporated in a more comprehensive Marxist framework". The Republican is located in Pokeno, that well-known seething information centre south of Auckland.

An article headed "The Business Elite of Auckland", examines the role of directors in public companies, and refers to discussion of the subject in the now defunct Sunday Herald, the New Zealand Herald and NBR. And it informs us:

"The Sunday Herald writer has also written more on the subject, although he hasn't developed the argument any further. He now writes for the National Business Review as well as the Herald ... and it turns out that his name is Peter V O'Brien."

His writings apparently have nurtured socialist thinking, because: "... left wing writers have relied on the Sunday Herald argument in articles about class. It even looks as though this argument could end up as an established feature of left-wing theory in New Zealand, which would be quite odd seeing that it originates from someone who is politically hostile."

Then comes the revealing blow: "Radicals don't normally take the writings of business writers as gospel, and the only reason O'Brien's argument has been accepted so readily and uncritically is that it conveniently reinforces a naive socialist view of capitalism."

The Republican thinks little of O'B's analytical ability. "There is nothing factually wrong with O'Brien's articles ... the problem is with O'Brien's interpretation of his factual material. He continually makes sweeping assertions, presented as statements of fact, about the influence of this oligarchy.

"Even allowing for a certain amount of justifiable ignorance, O'Brien could have avoided his more sweeping assertions by giving a bit of thought to the careers of the men."

The final expose is hard hitting: "To some extent O'Brien seems to be a victim of the intensively secretive nature of business life in New Zealand. Despite being a specialist writer on business affairs, O'Brien clearly has no intimate knowledge of what goes on at the upper levels of the corporate hierarchy.

"He constructs his articles on the corporate oligarchy in the same way that amateurs like me do, from reference books, Company Office records and gossip."

Well, Pete, so much for years of consultancy for companies and institutions, wanderings throughout the country in pursuit of the nation's directors and executives, that crammed book of phone numbers, and high-priced ruination of the liver.

Please call in at NBR for another look at that capitalist-style contract we gave you.

•

THERE is more than a touch of irony in the way the Government's open-handed scheme to beat unemployment is being nobbled by the factors that caused much of the unemployment in the first place.

Take, for example, the Labour Department's temporary employment scheme under which a local body or non-profit organisation taking on temporary labour can be reimbursed up to 100 per cent of its wage bill by the Government. It sounds like money for jam ... or a good way to get the community hall painted.

But there is a snag.

The Government will pay the wages. But the employer has to wait six weeks to collect.

The cash flow problem caused by paying workers weekly and waiting six weeks to collect from the Government means that only those non-profit organisations with capital reserves, or a friendly banker or finance company, need apply.

Remember last year when severe cash flow problems forced employers to lay off staff? The Labour Department has been recommending that prospective employers go to their banks or finance companies for loans to tide them over the six week waiting period — perhaps forgetting that high interest rates also contributed to unemployment.

But why does it take the Government six weeks to process payments?

For a start, the money must go through three sets of bureaucrats before getting to the recipient.

Originating at Treasury, the money goes to the Labour Department's accounts section, and then through the employment service accounts staff.

Still, up until six months ago, the payment procedure took only three weeks.

A Labour Department spokesman said the six week delay was brought about by the Government's sinking lid policy on the Government service. There simply weren't enough staff to process the massive response to the scheme. And the Government wouldn't take on any more.

One wag suggested the Labour Department should take advantage of its own temporary employment scheme — to man the temporary employment scheme.

•

THE Prime Minister's hand ailment is puzzling habitues of the corridors of Parliament. A couple of weeks ago, he was seen going into a meeting of the parliamentary standing orders committee without bandages on his hands or apparent discomfort. But on Wednesday last week he had dinner in Bellamys with his wife — and his hand was once again heavily bandaged.

•

GOURMETS would have welcomed the criticism of our beef by a visiting Canadian the other day. The meat he had eaten here was tough because it wasn't hung, he complained.

On Radio New Zealand last Wednesday, a butcher blamed restaurateurs. They didn't want hung meat, he said, so it wasn't hung.

On the same programme next day, this claim was rebutted. Restaurants did want their beef hung, one nosh-shop owner maintained. "I have been hanging meat in my restaurant for some years."

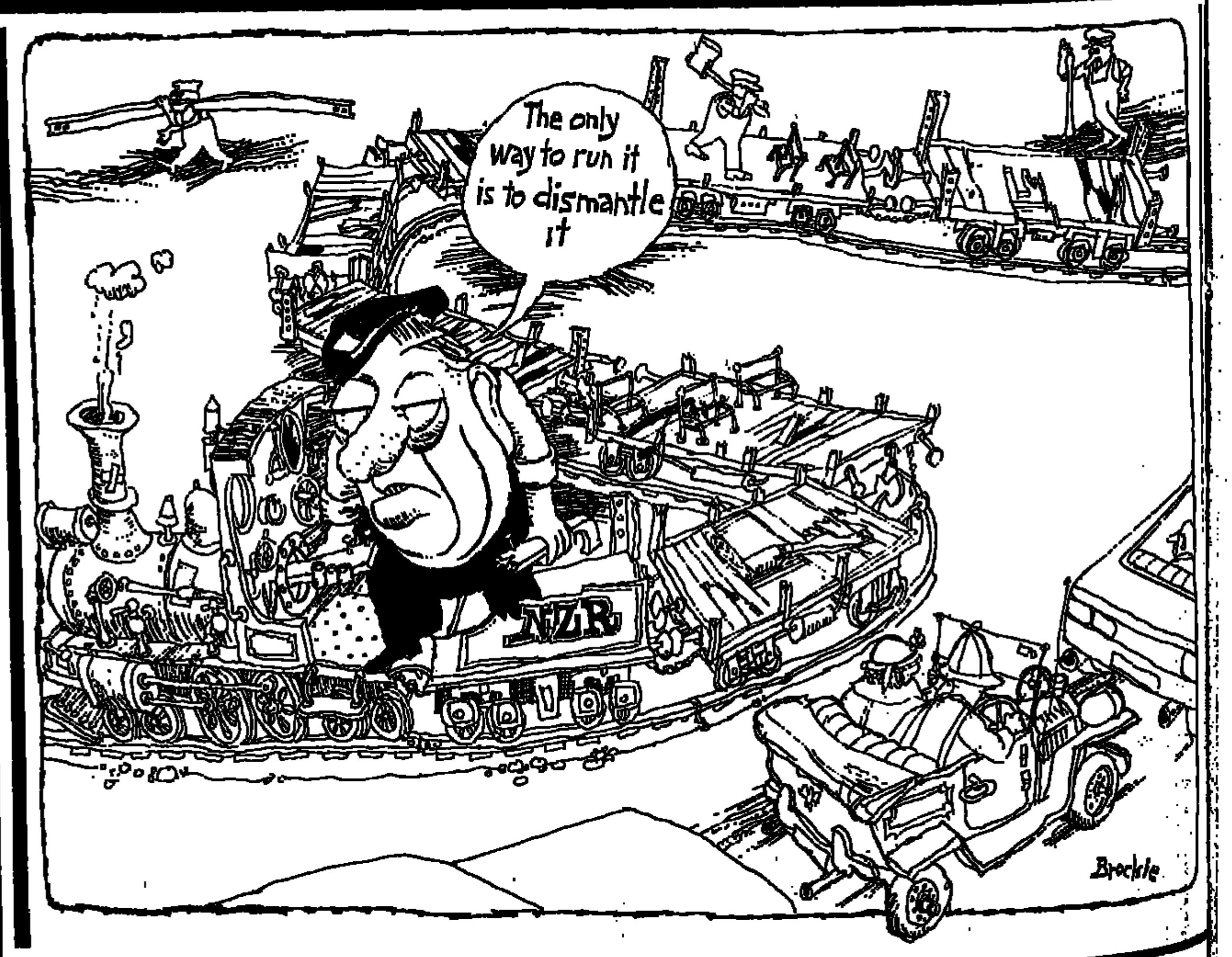
•

NEWS from the Middle East boded ill for the great bulk of us last week as fuel supplies seemed destined to be cut back and the price increased heftily.

But our grapevine hinted that Wellington property developer Arthur Williams had struck oil, figuratively speaking, and was about to wrap up a deal to build a hotel, — or hotels — for an Arab sheikh.

The story was not confirmed officially. Williams Holdings was "looking at various things in various parts of the world", we were told — but "nothing has been concluded and any comment might prejudice negotiations".

# BROCKIE'S VIEW

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Auckland office: Editorial, advertising and distribution inquiries: Warren Berryman. Telephones 685-886, 687-501.
Published by Fourth Estate Newspapers Ltd, 15 Blair Street, Wellington. Printed by R. Lucas & Son (Nelson Mail) Ltd, 15 Bridge St, Nelson.



WHEN the Government is responsible for increasing the price of a commodity or service (eg, electricity, milk) it offers a standardised and glib solace to those who foot the bill.

"Even at this price," will say the Minister concerned, "this (fill in name of commodity) is among the cheapest in the world."

That would be fine if all the countries of the world had the same wage levels and paid the same taxes. But they don't, and so the comparison has no relevance whatsoever.

To save future ministerial time, we file the following suggestions for future use in the cold comfort department.

On an increase in the duty on whiskey: "It must be remembered," said the Minister, "that most people drink water with their whiskey and our water rates are among the lowest in the world."

And when petrol rises to $5 a gallon. "It must be remembered," said the Minister, "that petrol engines are actually driven by a mixture of petrol vapour and air. Air is absolutely tax-free in this country and is among the purest airs obtainable anywhere."

•

ONE Air New Zealand employee the other day wryly recalled Doug Patterson's leadership at NAC. In those good old days, he said, Patterson put out a personal message to all staff every day, acquainting them with policy decisions and other corporation news.

It's a practice which hasn't been adopted by Air New Zealand chief Morrie Davis. Indeed, internal communications are such that this employee wasn't officially notified of the February 17 Fokker Friendship crash till February 21.

•

THE Dominion's new editor proved to be even more of a mystery man than the masked hero of the capital city morning daily's well-read comic strip, the Phantom.

The appointment of Hawera Star managing editor Ted Frost brought reactions of "Ted who?" from Dominion staff.

Once they had that question answered, and learned something of their new boss's background, reactions changed from mystification to mortification.

As well as being long time divorced from daily newspapers, Frost is a former Evening Post man.

And he did not help things by jokingly telling several reporters that he was the man who turned the Hawera Star from a daily into a tri-weekly giveaway.

Although Evening Post and Dominion journalists share the same building and printing press, they like to think they share nothing else. They are convinced that, despite management protestations to the contrary, INL ultimately plans to merge as many of the editorial departments of the two papers as it can.

Those suspicions have been reinforced by the appointment of an ex Post man to the Dominion job. The staff seems to be convinced now that INL is not interested in doing anything to get the paper out of the circulation tailspin that last year's industrial battles and a 3c price rise have accelerated.

If the decline continues, Journalists' Union leaders fear that the circulation figures and low advertising ratio will be used as an "or else" lever to force the union-resisted editorial mergers.

At least INL did not give the news to the Evening Post first, but Dominion staff were somewhat miffed to hear that a few Taranaki journalists knew of the appointment at least a day before they did.

All in all, they'll be tempted to think about darkening management's door one day soon to demand the same "odium" margin enjoyed by their Truth colleagues.



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WITH increasing pressure on primary produce exports to Europe, humps ahead for the paper industry, the magic going out of Kiwi fruit, trade and oil woes as a result of the Iranian revolution, it could be argued that all those New Zealanders leaving the country have been voting with their heads as well as feet.

But there's always a sunny side to most situations and we can bask in the warm success of our tourist industry. Well, we used to be able to.

Just when we had grown accustomed to large annual increases in the number of tourists lining up to be asked how much they liked God's Own Country, the impressive percentage jumps petered out.

If there were increases overall, it was Australia; our nearest neighbour, which provided the great leap forward. In the four years 1973-76 the number of Australians holidaying in New Zealand nearly doubled, to 156,282 — this was 67.5 per cent of total tourists and a giant share of the impressive annual increases.

The Australian influx faltered seriously in 1977, with 10,000 fewer visitors making the trans-Tasman hop. Industry sources were ready with their explanations at the time. It was, they said, because of an economic lull in Australia and the promotion of alternative attractions like Bali and Singapore. And, they added, it was just a brief setback with the usual flow of tourists sure to be surging again by mid-1978.

Not so, unfortunately. Figures for the year ended October 31, 1978 showed a decline of 8.2 per cent, or 11,820 fewer Australian visitors, compared with the previous year.

Local tour operators are now making gloomy projections as they survey current business and it looks as if the number of Australian visitors will slump further. The reasons — the plethora of cheaper European and American fares for Australians — are clear enough, but cold comfort.

The New Zealand tourist industry — and Air New Zealand, wearing both its hats — depends too much on the Australian trade to view the present situation with equanimity. It is, in comparison, little consolation that the number of visitors from Japan has increased 13.3 per cent in the last year — not when Japanese visitors comprise only 3.2 per cent of our tourist flow.

•

A FIRST-class exporting opportunity was nearly fouled up by Air New Zealand recently.

A locally-based subsidiary of a multinational had commissioned a test market report in California. The results were timed to arrive here at the same time as the British-based divisional chief of the company. One copy mailed to Wellington as a "back-up" arrived in good time. But the client's copy and enclosures (11 lb in total, specially air freighted to Christchurch with Air New Zealand) failed to arrive, according to the airline itself.

Quick (and costly) checks by telex to obtain waybill and flight numbers proved it had arrived. A week passed.

Air New Zealand "found" the missing package and then proceeded to charge the long-suffering shipper $1.50 for a week's storage. Meanwhile, the divisional chief of the multinational had gone home.

Score: Bureaucracy 1, Exporters 0.

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THE news should seep through before too long that the National Party's advertising agency for the past two elections, Colenso Communications, is not putting its name forward for consideration in 1981.

The agency probably figures that enough is enough, and there is little mileage to be gained from handling another campaign particularly when the odds must be stacked against the Government's winning again in '81.

More important from the agency's viewpoint must be the consideration that an election campaign places great stress on resources, and in all likelihood a political party is not particularly profitable as a client.

Who, then, might be in the running for the business in future? Our first pick is Dobbs-Wiggins McCann-Erickson Ltd, the agency headed by Meat Board Government appointee and friend of the Prime Minister, Fred Dobbs.

The other likely contender would appear to be Dormer Beck Stuart Wearn Ltd.

If Colenso does, in fact resign the account, it seems unlikely that the J Ilott or Charles Haines agencies will take it back after the criticism the party levelled at them in the past.

The other large agency, Ogilvy & Mather Ltd, has an international policy against handling political accounts. And J Inglis Wright was the Labour Party's agency for some time, so it would appear to be out of the running.

As an outside bet, perhaps the invigorated Auckland agency W H T might consider it a chance to make an impression, though if there's not much mileage in such an account it might be better off to take a punt after the 1981 campaign.

Anyhow, it will be an account that should provide the winning agency with a chance to show some real flair. By 1981, our picking is that the Nats will need it.

•

GORDON DRYDEN came to the capital the other day to tell advertising men and advertisers all about Radio Pacific. And while sipping our gin and tonics, we just happened to overhear two of the guests discussing the new venture.

One of them observed, first, that the station was to be located in an area with the highest concentration of Polynesians in the world and, second, that the staff would be graced by the presence of Tim Bickerstaff (whose fame, if that is the right word, results from his talkback campaign to promote fisticuffs between Kiwis and immigrants from Mother England).

And so, this guest conjectured, will the slogan for Radio Pacific be "punch a pakeha a day"?

•

WE hear whispers that the Yugoslav Embassy in Wellington—no doubt perceiving the opportunity to promote friendly relations—is keen to help make a fuss about the arrival in this country of the first Yugoslavs 100 years ago in November next year. And so the Embassy has made overtures to at least one organisation, offering to join in the promotion of celebrations.

But no matter how worthy the Embassy's plans, they seem bound to strike a snag. Many of the Yugoslav community now living in New Zealand emigrated because they found Communism anathema; thus, as one of them pointed out, they are unlikely to welcome a rapport with the Embassy.

# Comalco can give conservationists recycling tips

by Bob Edlin

ENVIRONMENTALISTS damn Comalco as an industrial ogre. Its operations at Tiwai Point resulted in the Manapouri dam controversy. Then there was the row over the contract which allowed the company to continue burning some 10 per cent of the country's hydro electricity at bargain-basement prices while the rest of us tried to cope with the power price rises generated by the 1973 oil crisis by cutting down on energy use.

It is thus ironic to cross the Tasman and find this bane of the conservation lobby vigorously promoting recycling and the cleaning up of litter. Well, aluminium litter, at least.

Comalco's anti-litter motives might not be altogether altruistic. After all, it pays handsomely to recycle aluminium. Nevertheless, Comalco can demonstrate that recycling — to be commercially viable and thus socially successful — can benefit from razzamatazz, gimmickry and vigorous public relations.

The aluminium industry has been a pioneer in the development of metals recycling. Minimising process waste and reusing scrap has been an integral part of the industry's production process since commercial smelting began more than a century ago.

And the aluminium industry in Australia has developed an extensive, multi-million dollar recycling operation.

Aluminium retains its basic properties during remelting, and can be recycled cheaply many times. The remelting process requires less than five per cent of the energy needed to produce the original aluminium.

Aluminium's high scrap value — around $300 a tonne, compared with about $20 for steel, $10 for paper and $15 for glass — is the main financial attraction for recycling.

There are important marketing implications. The ease with which used aluminium cans fit into existing recycling systems has been an important reason for beer and soft drink manufacturers in Australia switching to environmentally-sound containers and for increasing the volume of their sales.

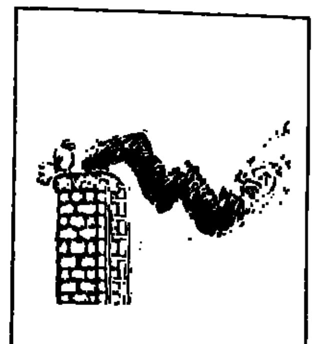
The lack of a viable market is among the reasons why aluminium is not used in canning in New Zealand. But that situation is bound to change, and in turn encourage recycling. And because of its experience in Australia, Comalco can be expected to be first on the scene with aluminium cans here. The result will be something of a revolution in marketing.

Just when is a matter of speculation. But there are many more soft drinks packaged in cans these days, and the rising price of refunds on soft drink bottles points to the increasing expense of packaging in glass,

But the beverage market alone would not be big enough to sustain aluminium can manufacturing in New Zealand. The success of such an operation would be reliant on the support of food canners, too.

Comalco set up the national recycling scheme when it introduced all-aluminium beverage cans to Australia in 1969, and is heavily committed to a waste-retrieval campaign.

The company points to three



THE ENVIRONMENT

fundamental advantages: its buy back network provides cash for members of the public, for scrap metal merchants and secondary metal companies; it helps cut down solid waste and litter, and it means that the maximum benefit is obtained from the use of raw materials and energy.

In contrast, commercial recycling in this country is a tentative novelty. Thus in September last year, the New Zealand Herald could report: "Auckland firms are catching on to the benefits of recycling waste materials."

In December, the same paper reported that keen demand for hitherto worthless junk should follow the establishment of two Auckland recycling projects. At that time, the Auckland City Council and the Otahuhu firm, Pacific Scrap Ltd, were planning to install "detinning" plants to separate and recover the two valuable components of the tin can — tin and steel.

The council's $60,000 venture — helped by the DSIR — is expected to encourage other local body installations if successful.

Pacific Scrap's $2.3 million plant — expected to come into use later this year — will aim at processing cans collected from around the country.

A boost to these recycling efforts may result from new legislation being fostered by the Litter Control Council, which should be passed through Parliament this year. Amendments will put more teeth into the Litter Act 1968, providing — for example — for substantial increases in fines for littering offences, and doubling the prison term for dangerous litter offences.

Among the innovations, local authorities will be given greater powers to control litter.

The growing awareness of the value of recycling waste materials has been fostered by a combination of economic, environmental and social factors. Rising energy and primary metal costs have influenced developments, along with concern over litter and solid waste control through to general community sensitivity to urban pollution.

But in Australia, Comalco's recycling schemes suggest that public awareness and tough legislation alone are not enough to ensure that waste materials are recycled.

Comalco promotes its buyback centres with radio commercials, newspaper advertisements, beachside activities, posters, magnet cards (if metal sticks, it's not aluminium), T shirts and caps.

A prime target audience is school children, particularly in the age group eight to 14 years. Champion Hawthorn footballer Peter Knights spent six months visiting schools and Comalco buyback centres, talking to children about how recycling works, demonstrating how a can is made, and explaining how schools or charities can be helped. Schools were invited to run collection competitions, with Knights presenting individual schools with prizes.

Late in 1977, Comalco and Channel 9 launched a fund-raising campaign in Sydney and Melbourne. Children were invited to return aluminium cans and donate the funds to the Queen's Silver Jubilee Appeal for Young Australians (an appeal to raise funds for a trust to help young people to improve themselves and help others in the community).

About 2½ years ago, Bloomfield's Hospital began cleaning up the golf course in Orange. It collected aluminium cans and bottles and began recycling them. Recycling now forms a major part of the patients' therapy programme. Some 80 patients work in the pre-workshop (the first phase of workshop training) sorting, crushing and loading cans and bottles into containers. To aid the recycling process, the pre-workshop has set up a conveyor system to enable the patients to work on an assembly line.

Comalco has linked a current campaign with Olympic Games promotions.

"You must have gimmicks," one company official says candidly. "It's not enough to say, recycle."

Result: in 1978, 110,600,000 aluminium cans were recycled through buyback centres sponsored by Comalco. This represented a payout to collectors of about $730,000 and is equivalent to about 2400 tonnes of aluminium. Schemes other than Comalco's are estimated to have lifted total returns throughout Australia to about 165 million cans for a total payout of over $1 million.

The company estimates that at least 25 per cent of all aluminium cans distributed in New South Wales are being recycled. The aim of its promotion and education campaigns is to improve and increase this figure.

About 15 companies in Australia specialise in the collection and processing of aluminium scrap, and there are hundreds of smaller scrap-collection groups.

Comalco has more than 80 buyback centres in New South Wales, Victoria, Tasmania, Queensland and the Northern Territory.

In the early years, the recycling campaign was supported by a number of charitable institutions which organised the mechanics of collecting and sorting the cans. Any money raised was directed to the particular charity.

The return rate improved dramatically with the opening of public-buyback centres in 1975 and the increase in the price paid to the public to 30c a kilo.

Many more people took advantage of the extended return facilities and there developed a wider community understanding of the concept of recycling. The establishment of the buyback centres was supported by vigorous Comalco promotion and advertising campaigns.

Cans are now collected by organisations such as schools, scouts, youth groups and charities, as well as members of the general public.

Schools are active can collectors and generally use the funds to buy library, sports and other equipment.

On February 1, Comalco increased the purchase price for scrap aluminium cans from 30c to 35c a kilogram in major cities.

The buyback centres crush and bale the cans, then sell them to Nonferral Pty Ltd, one of Australia's biggest

PETER KNIGHTS . . . taking recycling message to schools

secondary metal groups. Nonferral remelts the baled cans to produce a range of secondary aluminium for sale to other industries.

The price of this metal is usually below the price of primary metal and represents a cheaper source of raw material for industry.

The economic recycling of aluminium results from several factors, among them the low energy cost of recycling, the metal's ability to retain its basic qualities after recycling, low remelt loss and the opportunity to use recycled metal as a substitute for higher priced primary metal and other competitive materials in a number of applications.

Comalco introduced aluminium beverage cans to Australia in 1969. Before then, drink cans were made from steel or a combination of steel and aluminium.

Comalco plants in Sydney and Melbourne now produce more than 200 million aluminium drinks cans a year. year.

Their rapid acceptance in Australia resulted from several factors — they are lighter than most cans made from other materials and are easier to transport and handle; aluminium containers will not corrode, leak or impart any taste to their contents; and they are completely and economically recyclable. They can be collected, remelted and used to provide metal for new cans or other products.

Thus the metal can share of soft drink and packaged beer has been rising at the expense of bottles since 1969, and aluminium in turn has been replacing steel as the preferred metal.

Among other advantages claimed for aluminium cans: they have a longer shelf life of beverages in aluminium containers; no leaking side seams on extruded two-piece cans; better quality and uninterrupted surface on can bodies for decoration; no iron pick-up in the beverages; no soldering (as with three-piece steel cans), which eliminates potential toxic problems.

As a result, can manufacture is now the biggest single outlet for rolled aluminium products and chiefly responsible for making the packaging market the second biggest (after building) of all markets for aluminium.

# Keystore food discounter: a fruitful investment?

Christchurch Correspondent

WITH inflation still in double digits, and price control under pressure, the immediate future seems bright for any discount operation like new sharemarket listing Dingwall and Paulger Ltd.

The Christchurch company has joined the bourse at a time when several companies are leaving it as a result of takeovers and mergers, where rationalisation has been part of the rationale.

At face value, it would be possible to see Dingwall and Paulger's 80-store operation in the South Island as an assets-rich operation, itself ripe for rationalisation.

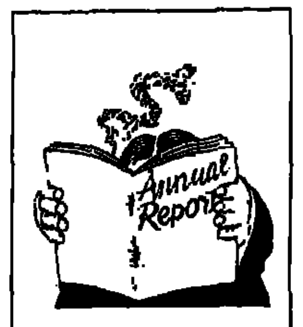
But the success of the Dingwall and Paulger chain of "Keystores" is due to highly efficient control and a complete absence of frills.

In terms of property to sell off, the company would be hardly a target. The steady rise of the shares in the company since market listing is more a reaction to investor expectations of sound and continued progress than speculation. Some brokers believed the company would trade at about $1.60 when it was listed. As it turned out, the debut was a more modest level and the $1 shares have only recently made the $1.60 mark.

Interest in the company hasn't been restricted to the south since the listing. Aucklanders already familiar with the way in which a successful food distributor like Progressive Enterprises can prove a fruitful investment have also warmed to the discount merchant.

The company started in 1938. By 1968, after 30 years trading as a confectionery manufacturer and wholesale merchant supplying dairies and mixed businesses, turnover had reached $1.5 million, with a net profit of $11,022. Nothing marvellous after three decades in business.

At this point, the company had the good sense to look for new avenues, and came up with the idea of retail discount stores.




COMPANY CLOSE-UP

Its Keystores are now spread throughout the South Island, and after only 10 years of discount grocery activity, Dingwall and Paulger boosted turnover 20 times to $31 million, increased tax-paid profit 27 times to $300,000, produced an earning rate on capital of 63.56 per cent and paid 20 per cent dividends to the 200-odd shareholders.

Gross profit was $336,733 in 1973, and had expanded to $1.13 million by 1978. Earning rate in 1973 was 33.3, rising to a level where it should be about 35-36 per cent on the higher capital produced by the one-for-one bonus issue given to ordinary shareholders before the firm joined the stock exchange list. At the same time, preference shareholders were given a one-for-two bonus issue, and pref shares were converted into ordinaries. Paid capital now stands at $935,000 . . . and profitability is likely to permit a 12 to 12½ per cent dividend.

Indeed, further growth in turnover and profitability might be possible as housewives show no signs of ignoring the spartan Keystores. The accent is on getting the goods into the shop without expensive displays and overheads that trim profitability in other supermarket chains.

Cost control is the secret of the Keystore success. Customers help themselves before fronting up at the counter — usually manned by only one person — and there's not much point in ringing up for home delivery. Most of the Keystores do not even sport a telephone.

By contrast, the central operation is now computerised, and the updated accounting system shows a strong financial position.

Sundry creditors show in the 1978 accounts at a satisfactory $2,379,653, about half a million below monthly turnover of $2.8 million. ANZ Bank overdraft is a trifling $170,000. Total current liabilities are $2.9 million. Current assets are $3.8 million with sundry debtors at $2.0 million. Shareholders' funds are $1.3 million. Fixed assets are below $1 million.

The men taking the company on to the stock exchange are directors A A Dingwall, chairman; M J Paulger, managing director; M J Andrew, secretary; K. M. Dingwall and P M Yeatman.

# Second line of thought

PRIVATE enterprise stole some of the thunder from the Railways Department and the hapless Minister of Railways, Colin McLachlan last week.

After McLachlan had released the Railways Department's report, "Time for Change," the Nelson-based TNL Group Ltd spiced the debate by releasing the findings of a feasibility study in support of its aspirations to run a Jetfoil service from Wellington to the South Island.

The TNL study suggested that savings of more than $1 million a year on the cost of the Cook Strait ferry service would be made if passengers were carried on separate Jetfoil craft. Both freight and passengers' costs would be reduced, it argued.

The study said the predominant role of the rail ferry service was to carry freight "and the ferry vessels should stick to this".

It maintained that the upcoming replacement of the Aramoana and the Aranui provided an opportunity to restructure the ferry service.

It argued separating the Cook Strait services to provide:

- A jetfoil, to give passengers more comfortable service, with more frequent schedules at a reasonable price;
- The Railways ferries could concentrate on carrying freight and private cars along with car passengers;

There would be a saving of millions of dollars in buying new ships and same sized vessels would have more space for freight and cars, the study said.

"When all factors were calculated there would be a continuing saving of more than $2 million a year in operating costs and capital savings of more than $6 million on the cost of a replacement vessel for the ferry service."

Faster Cook Strait service was envisaged by the Railways Department paper — but through Railways reforms.

It revealed that an engineering and economic evaluation would be made of the establishment of a new ferry terminal in the South Island.

"A preliminary study by the department indicates that marked benefits would be gained from operating through Clifford Bay near Lake Grassmere," it said.

"Because of the shorter distances, journey times at sea would be reduced by 40 minutes and the time by rail to Christchurch would be reduced by three hours. Similar reductions in driving times would also be enjoyed by passengers travelling with their cars.

The Railways report also disclosed that relocation of the ferry terminal, to put it near the Wellington Railway Station, was under investigation in conjunction with the Wellington Harbour Board.

It emphasised that the rail ferries would again return a satisfactory profit.







# Cash-card clash continues

by Warren Berryman

PLASTIC money has been having a rough time. The Bank of New Zealand's "debit" card, Visa, and other credit cards are to stand trial before the Commerce Commission. And the Human Rights Commission has been invited to sit in judgement on allegations of discrimination against travellers who buy tickets with cash rather than with plastic cards.

The storm which erupted when the Bank of New Zealand launched Visa last year has resulted in a preliminary hearing of the Commerce Commission, which has admitted 14 parties to what should be a marathon session starting on June 12.

The commission reserved decisions on requests by Diners Club, American Express and Bankcard to be omitted from the scope of the inquiry, which follows a report by the Examiner of Commercial Practices into Visa, suggesting the widespread use of plastic cards might not be in the public interest.

Meanwhile, Aucklander B P S Hamlen has formally asked Air New Zealand for a discount on travel to Honolulu equivalent to the cost of servicing a credit card transaction. He contends that air fares paid for by credit card cost the airline extra work and a commission, and insists he shouldn't subsidise credit card holders for this extra cost when he pays cash.

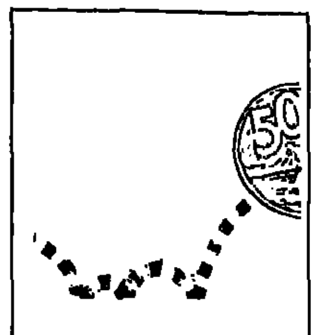
And he has written to the Human Rights Commission emphasising "discrimination on the grounds of non-possession of a piece of plastic".

Whatever the findings of these august bodies, it must be recorded that Ralph Schneider, a New York lawyer, thought he was doing the world a favour when he conceived the credit card some 28 years ago. He had just digested a sumptuous dinner at a top city restaurant. Presented with the bill, he found he had left his wallet at home.

His humiliation gave rise to the Diners Club credit card.

Eight years later, American Express introduced its own credit card as an extension of its world-wide travellers' cheque, insurance and merchant banking business.

Today nearly two out of three Americans carry some




THE MONEY MARKET

form of credit card, compared with one in two in 1970.

New Zealand is now following the American trend. American Express and Diners Club share this market between them after Carte Blanch had a brief go and dropped out.

Total billings for the two companies has grown at a rate of some $20 million a year for the past three years to reach a current estimated $60 million.

With 9.5 million cardholders and 750 offices worldwide, Amex leads the field. Diners Club has 3 million members and issues cards in 54 currencies.

Amex is strongest in the United States, drawing about 90 per cent of membership from that country. About half of Diners Club members live outside the United States.

Since Diners Club was taken over by Broadlands six years ago, New Zealand membership has rocketed from 2700 to the current 34,000 level, giving New Zealand the highest per capita Diners Club membership in the world.

Amex began marketing cards here late in 1973. It now has 26,000 cardholders.

The Challenge Corporation holds the American Express franchise for New Zealand and the Cook Islands — an unusual situation, because Amex owns most of its branches outright, but necessary because of this country's overseas investment regulations.

Both Diners Club and Amex cards are honoured in 3500 local establishments.

Both credit card companies claim they don't intend to compete with Visa in the mass market. Both aim for the big-spending, high-income earner in the $15,000 to $18,000 a year range, and cards are used, for the most part, for travel and entertainment.

Following a fall-off in American sales, Diners Club launched a major campaign in the United States last July. The new package was introduced to New Zealand cardholders later in the year.

The package includes a new look. Cards and store front acceptance stickers have a new logo and the words "Diners Club" have been replaced by "Diners Club International".

Cardholders have been offered a new range of extras, including

- A $30,000 travel insurance policy through Phoenix Assurance free to card-holders who use their cards to buy tickets. Amex offers a similar scheme for $20,000 worth of travel insurance.
- Membership lounges for cardholders, complete with coffee and telex.
- Home contents and travel insurance through General Accident offered at a discount to cardholders.
- A personal loan facility for up to $2000 granted within 60 minutes at any one of Broadlands' 23 centres. These loans, for up to two years, will be charged 11 per cent flat interest.
- An emergency $100 cash facility overseas.

Diners Club's new package brings its service into line with American Express' in some cases and in others surpasses its competitor.

But American Express general manager Robin Mudgway indicated that American Express would follow suit to match or top Diners Club services.

The net effect of the introduction of Visa card on Amex and Diners cardholders will be a sweeter package of extras like those offered in the United States.

Diners Club is also improving its service to its client business establishments with regular visits.

Both companies promote client establishments in their directories, newsletters, and advertisements.

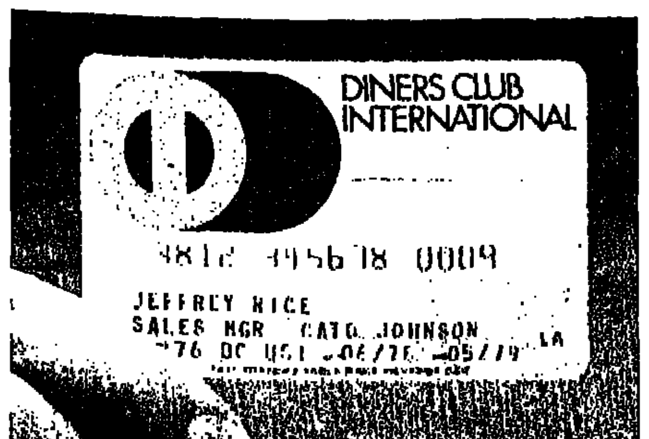

Both Amex and Diners make much of the claim that they generate additional business and are not just an added cost.

This point is most valid when it comes to travellers on expense accounts, and overseas tourists with little cash in their pockets and a sudden impulse to spend.

Merchants' stories abound wherein a foreign customer walks into a shop just for a look and winds up going through the place like a vacuum cleaner from one impulse purchase to another, charging the lot on a plastic card.

It is not hard to see such a sale being lost if the customer had to make a trip to the bank for cash.

When Diners and Amex cards were first introduced to New Zealand the bulk billings came from overseas spenders. But with the rapid growth of local membership the balance has tipped the other way.




# Carpet printers: only exports will pay their way

by Warren Berryman

TO keep abreast of advancing technology, New Zealand's three major carpet manufacturers — UEB, Feltex and Stevens-Bremner — have their own carpet printing plants.

The net effect of this $10-$12 million investment in the carpet industry is surplus capacity and falling profits.

Increased capacity has not led to increased production. Total production of tufted and woven carpet was 9.22 million square metres for the 1975-76 June year; 10.3 million square metres for 1976-77, and only 6.95 million square metres for the 1977-78 year. The estimated total production for the current year is only 7 million square metres — or 3 million square metres less than the 1976 year in which the decision to buy the Millitron jet carpet printer was made.

The bottleneck to increased production is on the sales end. The domestic carpet market is saturated, and exports have only increased moderately.

Should the carpet industry break through the market barrier, the potential is there to double or triple output. New Zealand produced about 40 per cent of the world's carpet wool and the domestic carpet industry presently takes only about 7 per cent of the total carpet wool clip.

There has been a 70 per cent increase in the wool spinning capacity over the last three years, and a 30 per cent reduction in local use of New Zealand wool over the same period. Wool spinning plant is now only running at less than half capacity.

Carpet tufting plant, too, is running at half capacity. Either the Millitron or the Titan could print New Zealand's entire carpet production on its own. But all attempts to get carpet manufacturers to share another's facility has failed.

As Feltex's general manager, Harold Titter put it: "No one would trust the other. It wound up the only way it could — with each company owning its own machine."

Titter was under no illusions about the Titan being the last word in carpet manufacture. Printed carpet would only supplement Feltex's present range. "It was an expensive way of getting a variation on a theme," he said. He added that neither his company nor any other could afford to be left out of the technology race.

Domestic demand for carpet has fallen sharply over the past three years, corresponding with the decline in new house construction and general economic downturn.

High levels of carpet production during the 1975-77 period resulted in huge stockpiles. This stockpile of carpet peaked about 12 months ago, when few, if any, carpet manufacturers were making a profit. The stockpiles were dumped on the domestic market at prices often below cost.

These stockpiles have now been cleared and the manufacturers are settling back to a lower level of production.

Carpet retailers, while they enjoyed rock-bottom, ex-factory prices, had to cut their own markups from an average 35 per cent three years ago to the present average 15-20 per cent. Bulk buying and discounting by those who can afford to do so is putting heavy pressure on the smaller retailers who cannot.

"One thing is certain," says Titter, "we won't sell any more carpet on the local market — it's saturated." The only way out is to export.

HAROLD TITTER... "expensive variation"

Despite valiant efforts at exporting by the carpet manufacturers, carpet exports have increased only moderately over the past three years. Total exports of woven and tufted were 2.31 million square metres in 1975-76; 2.49 million square metres in 1976-77, and 2.75 million square metres in 1977-78.

Australia is our biggest export market for carpet. But the Australians imposed a 2.1 million square metre a year quota on New Zealand carpet imports to protect their own shattered carpet industry.

Last year, New Zealand slightly exceeded the quota. This year, it is estimated that we will fall short of the quota by 200,000-300,000 square metres.

Carpet manufacturers give the following reasons for the fall off in Australian demand for New Zealand carpet:

- High New Zealand labour costs, combined with rising freight rates and an over-valued dollar;
- A worldwide overcapacity in the manufacture of cheap synthetic carpet in Australia and other countries exporting to Australia (particularly Ireland and Canada) has led to wholesale dumping of carpet at giveaway prices on the Australian market.

In the unlikely event that the Australian quota should appear likely to be filled or exceeded, this would cause another problem. Manufacturers have yet to work out a formula on how the quota should be split up among them. Should one manufacturer appear to be exporting more than other manufacturers consider his fair share of the quota, it is likely the Government would step in and saddle the industry with an export licensing system.

Attempts to reach agreement among the manufacturers have failed. Manufacturers with long experience in the Australian market feel their share of the quota should be based on a percentage of their past export levels. But this system disadvantages the newcomer with little past history in the Australian market but a huge investment in carpet technology.

Stevens-Bremner's agreement with the manufacturers of the Millitron, Deering Milliken, prevents it from selling carpet in the United States.

Japan offers an affluent market. But here the snag is the Japanese distribution system which pushes up the landed cost of a New Zealand carpet by 400 per cent.

Canada and the United States are considered the best bets for expanding exports. But Canada has an 18 per cent duty on carpet, and the United States a duty of 15 per cent on tufted carpet, 10.5 per cent on Axminster and 40 per cent on Wilton.

North American consumers are accustomed to buying synthetic carpet at a quarter to a fifth of the price of New Zealand woollen carpet. New Zealand exporters cannot compete with synthetics on price — nor do the manufacturers think we should try.

New Zealand carpet is being aimed at the thin top end of the snob market in North America — but even the thinnest slice of a market that size offers huge potential.

But there is a silver lining to the dismal cloud of overcapacity and falling profit levels. Carpet manufacturers have never been so active in their drive for export orders, and the growing professionalism in international marketing will undoubtedly bear fruit in time.

Feltex's Titter said he thought the whole rationalisation process had been healthy for the industry. Feltex had cut back on overheads by dropping superfluous middle management. "It's made people work harder and put New Zealand back in the technology race," he said. "Handled properly, we will digest the cost of carpet printing."

THE carpet war among New Zealand's big three carpet manufacturers closed on an ironic note three weeks ago when UEB announced the installation of its $2 million carpet dyeing machine.

The war began in September 1976 with a decision that New Zealand needed — and could afford — only one carpet printer — and the sole right to import the Millitron was given to Stevens-Bremner — to the consternation of rivals UEB and Feltex.

Now all three manufacturers have their own carpet printers. Among them they have the capacity to print three times the amount of carpet produced in this country.

The sequence of events since September 1976 reveals a battle between free enterprise and Government planners. In the end, neither side won.

Stevens Bremner started the ball rolling early in 1976 with negotiations with Deering Milliken of the United States to buy a $6 million Millitron jet carpet printer.

UEB and Feltex had also been looking at jet dyeing processes, and were anxious about being left behind in the technology stakes.

Little was known at that time about the ability of any of these processes to print on woollen carpet, as they had all been developed for use on synthetics.

The war began and ended with the Government changing the import licensing rules and giving the sole licence to Stevens-Bremner to import the Millitron.

UEB and Feltex reacted strongly, saying the Millitron was the "wrong machine at the wrong price, and sited at the wrong place".

The Government assured UEB and Feltex that they could contract the use of the machine. But Stevens-Bremner set up the machine in Foxton — some distance from the Auckland and Christchurch based carpet industry — and neither UEB or Feltex felt they could afford the freight rates to ship carpet there for printing.

Feltex was the next to move, bringing in the Australian-developed Titan process. Feltex negotiated with UEB over the possible joint use of the Titan. But UEB decided to go it alone.

Feltex's Titan began production last month.

UEB had been keeping its plans secret (as secret as one could keep the arrival of two huge container loads of machinery from one's sharp-eyed competitors).

UEB's press statement told the public what the industry and financial journalists already knew — that UEB had its own machine.

UEB's machine is a hybrid, part Kuster, part technology drawn from Mohasco of the USA with which UEB has a technology-exchange agreement. UEB's machine starts its trials this month. The printer is expected to go into production by mid-1979. A UEB spokesman said the capacity of the machine was less than the Millitron — but so was the cost — $2 million for the printer and ancillary equipment, not counting the building.

Stevens-Bremner had the advantage of being first. Feltex and UEB got into the game at half cost.

In the end, Trade and Industry's interference in the market place accomplished nothing but to bring suspicion and discord to the carpet industry.

# Wool exporter takes on board

by Rae Mazengarb

THE Examiner of Commercial Practices may not have jurisdiction to handle a complaint made by a private wool exporter against the Wool Board. Auckland-based Lichtenstein & Co. therefore might have to resort to the courts with a common law action to stop the Wool Board appointing central wool facilities (CWFs).

Lichtensteins complained to the examiner last year over the Wool Board's practice of appointing approved central wool facilities.



Wool exporters previously had been free to make their own arrangements with shipping companies. Now the board negotiates rates with the various shipping conferences.

The appointment of CWFs has left independent exporters disadvantaged, because the cost of packing containers in a CWF is included in the ocean freight rate and shared by all wool exporters, whether or not they go through a CWF.

Independents like Lichtensteins carry out most of the functions performed by the CWFs, including packing containers. But because the board prohibits them from being paid for this function, Lichtensteins is being forced to pay double. Trade and Industry gave approval last year for a packing charge but shipping companies have been refusing to pay. (See NBR May 24 and 31, 1978.)

The problem of jurisdiction arises from a clause in the Commerce Act 1975. This states that any practice expressly authorised by another Act is beyond the examiner's jurisdiction.

The Wool Board claims that its actions are authorised by the Wool Industry Act.

But the decision lies with the examiner, whether or not this is so. If he decides he does not have jurisdiction, Lichtensteins' only option is to seek a remedy through the courts.

But if he decides he does have jurisdiction, he goes on to decide whether or not the board's practice is harmful to the "public interest".

If he decides it is, the board will be informed and conciliation will follow whereby attempts will be made to modify the practice to get rid of the harmful effects which led to the complaint.

If this fails, the matter will be handed to the Commerce Commission.

Gordon Stringer, director of business practices at the examiner's office, said a Trade and Industry lawyer was preparing a legal opinion on the question of jurisdiction.

Once this problem was sorted out, the complaint would be settled quickly.

Wool Board spokesman David Young said the matter was "currently under discussion" between all legal advisers. It would be inappropriate to comment further at this stage, he said.

Efforts were being made to reach a common ground "in terms of our understanding of the problem", Young said.

He said he believed the matter arose out of a misunderstanding on Lichtensteins' part over what the charges comprised and meetings had been held as part of attempts to clear things up.

According to general manager Ian Lichtenstein, the situation is by no means stalemated.

The examiner was seeking further information from the board since answers to questions posed to date had been somewhat varied, he suggested.

Stringer would not confirm this statement. Rather, he said, once the investigation stage had been reached further information would be required from the board, but those questions did not arise while the office was still grappling with problems of jurisdiction.

Lichtenstein said his company was determined to fight the board.

Until now his company had been debiting the shipping companies in anticipation of collecting from them later.

# Transport cost not drift-development bogey

by Bob Stott

THE Trade and Industry Department in Christchurch has been unable to come up with firm proof that South Island industries are heading north because of transport costs.

So said Trade and Industry Minister Adams-Schneider to the Canterbury-Westland division of the National Party in Christchurch. He said his department had found only 13 local firms which had moved wholly or partly north in the past decade, whereas in the same period 11 North Island companies had launched South Island operations.

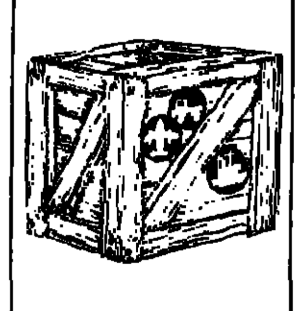
And the Canterbury Manufacturers' Association, which surveyed 120 companies over the year to May 1978, found only five were considering moving north; brush manufacturer Buntings has recently closed its Auckland factory and concentrated on developing its long-established Christchurch operation.

Last September, this column expressed the hope that the election campaign would not see a plethora of promises to fiddle with transport services and freight rates in the hope of promoting regional development. The suggestion was made that such moves would do little for regional development and would increase transport costs (or reduce revenue from transport if you like).

The items quoted above don't prove that the September article was 100 per cent right, but I believe they show that transport-regional development is not as simple and clearcut an issue as some would have us believe.

There still exists a school of thought that only transport prevents regions outside Auckland from enjoying a similar growth rate (and presumably prosperity).

Regrettably, emotions rather than facts and figures are usually to the fore when certain South Island interests



TRANSPORT

jump on the "stop the drift" bandwagon. As a result, the closure of a factory in, say, Dunedin or Christchurch hits the headlines, while the opening of a factory does not to the same extent. The recent drift of people, albeit slight, from north to south has also failed to excite public comment.

The 1976 census showed a 10.6 per cent increase in the North Island, and a 6.1 per cent increase in the South Island. In the five years preceeding that census, births in the South Island totalled 78,000, and deaths more than 38,000, giving a natural population increase of about 40,000. But in those five years, the population of the South Island grew by almost 50,000, which could be interpreted as a slight drift to the south. In the previous census period (1966-71) there was a net migration outflow from the South Island of 16,000, so over the last decade there has been a spectacular turnaround from minus 16,000 to plus 10,000 in the South Island's favour.

During those 10 years, the "iron bridge" rate for goods on rail ferries has not been implemented, and the sailing each night each way service between Wellington and Lyttelton came to an end. Coastal shipping services in general continued to slide, the ports of Greymouth and Oamaru declined, and freight subsidies in general stayed at more or less modest levels.

The key to regional development is not transport, but people. If people can be persuaded to move in increasing numbers to the South Island then better transport services and more facilities of other sorts will follow.

I have a feeling that some in the south want "regional development" without people, the end product of which is probably subsidies to maintain the status quo rather than assistance with growth.

The new town proposal at Rolleston was not welcomed with open arms by everyone, while more recently the warm and friendly West Coasters have shown no great enthusiasm for alternative life-stylers who have tried to hack out a living from Westland wasteland without first erecting water closets.

There seems to be an unawareness on the Coast that the children of this new breed of subsistence farmer might make the difference between retention and closure of a country school, or that the sons and daughters of such immigrants are as likely to want to be bank clerks in Greymouth as to become second generation alternative life-stylers.

I think that our civil servant sociologists could well leave Otara and Porirua alone for a bit and have a look at the disadvantages of life in smaller centres — they might just find that the New Zealand country town is not the warm and friendly place local folklore would have us believe . . . and the same might be said for some of the larger provincial centres.

It is only a guess but, perhaps northern cities are growing faster than southern centres because winters are warmer, and they are more fun to live in than smaller places. After all the larger the centre the easier it is to find a kindred spirit or two, found a club, elect a committee . . .

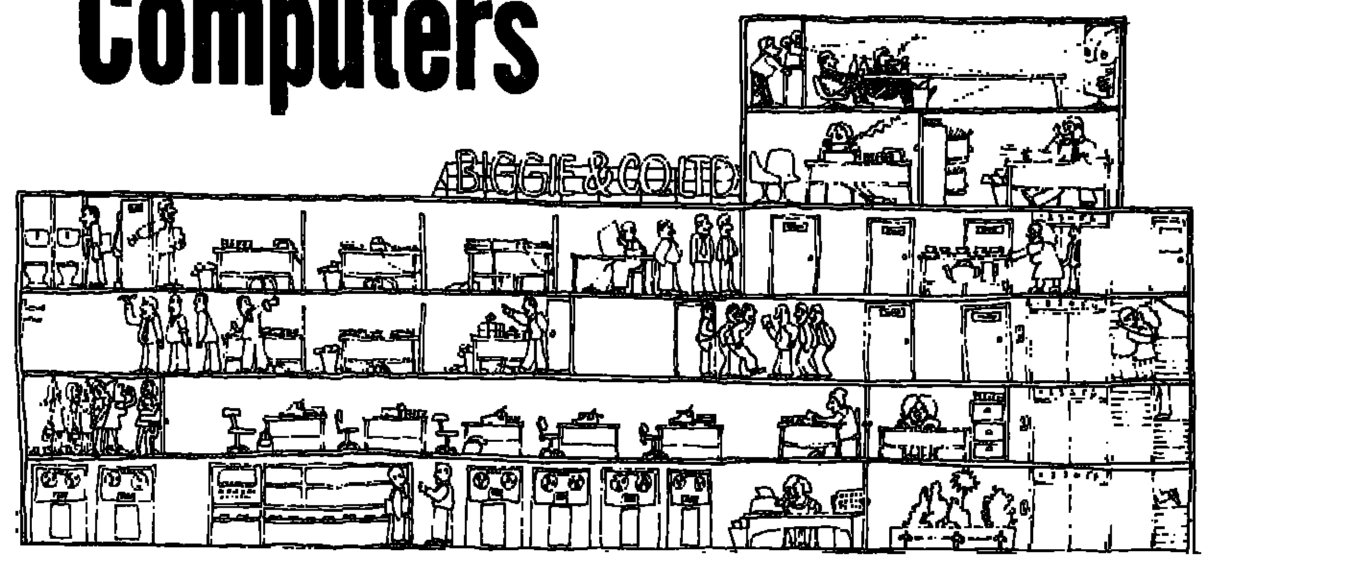
So thank you to Adams-Schneider and his department for at least starting in on this business of transport costs and regional development. More research will be needed before the threat of taxpayer-subsidised under-utilised transport services goes away, but it's a good start.







# Computers




# Swings and roundabouts: balancing the benefits

by Stephen Bell

THE continuing rapid development of computing technology in 1979 is hardly in doubt. Advance of this technology into New Zealand is another matter — a matter crucially dependent on the economy, Government policy and the activity of other "lobbies" whose interests impinge on computer use.

To a business under economic pressure to reduce costs and increase efficiency, the computer is a swings-and-roundabouts affair. The question is: which way will the company jump — towards increased "computerisation" and increased efficiency, or towards leaving expensive computer equipment and software alone to save costs? With management showing increasing awareness of the benefits of a good computer system, and with the computer companies learning to push the benefits in terms understandable to business people, the balance in 1979 could be in favour of growing computer use.

The deterrent aspects, of course, are not entirely of the computer people's own making. The business remains one of imports with high tax rates and "landing charges". This year could go down as the year in which the business world began to protest in earnest at paying penal rates to have its operations made more efficient. The rumblings have already started.

While employers will see the computer in terms of cost and efficiency, other factors will come into the equation as viewed from other parts of the user company. High unemployment does not encourage a kindly attitude to any brand of automation, least of all the computer.

There have already been moans aplenty, but so far we have escaped anything of the scale of Australia's Telecom dispute.

On the other side of the computer-room door, unemployment is hardly the problem. There is still an international shortage of trained computer personnel, and New Zealand's problem is aggravated by a trans-Tasman drift of experienced staff which shows no signs of abating.

The answer, it is acknowledged, is increased training. Hitherto, there has been little concerted effort by employers or the Government towards improving data processing training, or providing incentives to overcome employers' unwillingness to take on trainees in the computer department.

This year, though, Government bodies are due to start a serious examination of the question. Prominent in this effort will be the Communications Advisory Council and the Vocational Training Council. The former body has already distributed questionnaires aimed at assessing the current picture.

The shortage of good programmers and analysts can only provide impetus for business to use ever more ready-made software and "turnkey" hardware-software packages; a boost for our computing services industry.

The manufacturers will continue to strive to bring computing power closer to the user with no DP expertise. More of the increasing power of the processor will be swallowed up in software and microprograms designed to make the computer "speak" a language that the user will understand readily.

In the quest to bring computing closer to the end user, 1979 is seen in some DP circles as being the year when distributed processing takes off in New Zealand — a small computer or intelligent terminal in every branch or even every department of the company, with interconnecting communications links.

While the computer manufacturers are amply equipped with communications disciplines to make distribution feasible, the Post Office network is, perhaps, the weak link. There have, as yet, been no practical moves towards providing the public packet-switched communications links which are becoming standard in overseas communications.

The Post Office however, is giving some thought to the matter, and with a little gentle pressure from the Government, anxious to extend its own communications networks, 1979 could see some definite moves into packet switching.

As far as new equipment goes, the year is off to a good start with the release of the first models in IBM's "E" Series — the 4331 and 4341. Offering up to four times the processing power of equivalently-priced 370s, the new machines, temporarily at least, have staved off the threat from the makers of "plug compatible" processors.

The plug compatibles can be expected to come back swiftly with another boost in performance for their own 370-compatible hardware, but may have to work harder than they anticipated to stay in the hunt.

A battle more relevant to the majority of New Zealand users is developing at the lower end of the computing scale, with virtually all the leading "mainframe" manufacturers, as well as the traditional "mini" makers now concentrating development and sales effort on the small business area.

Business has gone beyond the stage of calling on the computer simply to perform calculations. Interest and competition in the word-processing field has grown rapidly over the past year, and is certain to be one of the fields of action for this year. In addition to the established WP suppliers, there is a growing contribution in the market from conventional computer manufacturers. Digital Equipment has awakened its rather dormant word-processing venture, and IBM has come in for the second time, with the DP division's 3730 supplementing the Office Products division's System-6.

The word processor will be in the forefront of computing's entry into the office environment, and will have a major impact on both the "business" and "DP" staff. It will — or at least should — cause the DP manager and his staff to rethink their role in the company's operations, and, on a more direct front, will be first in the firing line for employees' protests at excessive automation and its employment effects.

# The mushrooming of the microprocessor

BEFORE 1976, not many people in New Zealand knew about the microprocessor or had even heard of it. Yet in 1979 the microprocessor is an integral part of the electronics industry and will soon be as important to electronics as the vacuum tube was to television 15 years ago.

What caused this rapid change in electronics in New Zealand? Perhaps it was the fact that New Zealand was confronted by a new technology, not only in thought but also in equipment from overseas. Faced with this new technology, the electronics hobbyist was first to react and obtained, from overseas, literature, chips, kits and anything else that he could get hold of. The people in industry, realising the enormous benefits that could come from micros, set about getting their share of literature, chips and kits.

Equipment was coming into the country which actually contained a working microprocessor. How was this piece of equipment to be repaired if the need arose? Consequently, technical institutes and shortly afterwards universities set up courses on the microprocessor.

So the situation in 1976-77 was one where people in electronics began assimilating knowledge about micros and their applications from the literature that was coming into the country. Electronic companies began experimenting with the microprocessor chips in a real environment. Courses at universities and technical institutes explained the theory behind this new technology and attempted to give people valuable "hands on" experience.

By 1977, people knew that the micro could be made to perform tasks similar to a minicomputer but few were experienced enough to try to implement this in a working environment. The area where microprocessors were easily applied was in industrial control processes. In such things as traffic light systems and conveyor belt systems, the microprocessor was implemented successfully.

During the latter part of 1977 and in 1978, companies continued using micros in this way. Some people started combining micros and minicomputers in one job. In places such as freezing works and hospitals, systems had already been conceived and were being designed where the microprocessor would be the workhorse, collecting and capturing the data which would then be fed into minis, with the minis performing most of the data manipulation and all of the mass memory storage.

As far as the distributor companies of microprocessors were concerned, the bulk of purchases made came from the chips, evaluation kits and a few low cost development systems.

In the second half of 1978, the micro market was expanded with the entrance of "personal" computers, like the TRS-80, the Commodore Pet and the Apple. Here was a microprocessor that was more than an evaluation kit or an industrial process controller; it was in fact an intelligent terminal which behaved in a similar way to a small mini.

That brings us to the present day. What is New Zealand likely to see in the future, especially in 1979?

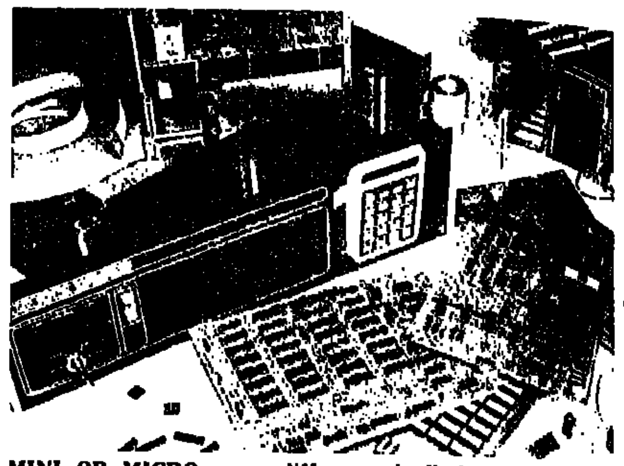
In talking with Frank Ollie, head of the Data Products Division at D J Reid Ltd, the following points of view were expressed: Ollie sees the microcomputer in three markets, the hobbyist, the home and the personal markets. It is from the third category, the personal, that Ollie sees 90 per cent of the total market coming in the future.

Overseas companies with high volume production, especially in the United States and Europe, when first investigating the possibility of using microprocessors would purchase various evaluation kits put out by the different microprocessor companies. Once the evaluation was complete the company would then purchase the development system of its choice. This is not true in New Zealand where production is low compared to overseas.

When D J Reid Data Products started looking at micros (it had previously been concerned only with minis and associated peripherals) the first development system it stocked was the EVK 300 put out by AMI. This board uses the 6800 Central Processing Unit (CPU) by Motorola. It proved popular with several companies, yet New Zealand companies in general have not got the money to spend on reasearch and development to be able to afford an expensive development system (the EVK 300 is a low-cost development system).

So companies which could not afford expensive development systems, some of which cost $10,000 and more, bought the various evaluation kits available (the cost of these kits ranges from about $150 to $600). After using these kits the companies would then decide whose CPU to use. The choice was not great; usually the 6800 by Motorola, the 8080 by Intel, the Z80 by Zilog, the F8 by Fairchild or the 2650 by Signetics.

These companies would be using micros as industrial control units, not as data processing systems; minis would do that job. But with the coming of the personal computer, the micro was configured into a system that resembled a minicomputer. Hence the application of micros in companies was considerably greater.



MINI OR MICRO . . . difference is diminishing.

Ollie sees growth in 1979 in the personal computer market. Companies will be able to have a cheap computer, compared to a conventional mini, for profit-loss accounts, cost analysis, inventory control and so on to be kept.

The microcomputer will have moved out of the area of low importance for the business person. It will be able to do what only minicomputers could do five years ago, and at half the cost. Yet at the same time, the micro will have many applications in process control as in automatic washing machines, sewing machine and automatic petrol pumps.

The view that the personal computer market is the market of the future was also expressed by Michael Barrett of Software Engineering. Software Engineering plans to write the software that will be necessary for the personal computer where such software does not exist, or to alter existing software for the New Zealand environment — for example to suitably modify accountancy software packages that were written for the United States monetary and accountancy system.

Minicomputer systems suitable for the business environment typically cost $25-30,000. A comparable system based on a microprocessor would be in the region of $10-15,000.

A typical business system, based on the microprocessor, would be much the same as a present day system. A processing unit would be necessary, in this case a CPU board, a keyboard, a visual display unit (VDU) and a means of mass memory storage — for example mini floppy discs. A clean environment would still be needed in order to prevent errors from occuring. If hardcopy of programmes or results was required, a printer would have to be purchased as well.

Microprocessor-based business systems have already been in use for several years overseas and the required high level languages that are normally associated with business systems are readily available from each of the microprocessor companies.

Every microprocessor works in its own machine language, and to be able to understand high level languages a compiler is required. The compiler translates a high level language statement into a low level code that the microprocessor can understand, and vice versa.

The high level languages most often used would be BASIC, CBASIC — a commercial BASIC, PASCAL and COBOL.

Semiconductor manufacturers like Intel, Motorola, Zilog, Fairchild, National and Texas Instruments have not been content to stop at a basic microprocessor chip; they are constantly coming out with new and improved chips. Intel already has a 16 bit microprocessor chip, the 8086, and Motorola is soon to follow with the 6809. The 16 bit micro means increased throughput, faster execution times and increased capability (the original micro chips were only eight bits wide).

We have the difference between the mini and microcomputer rapidly diminishing, and in the not too distant future the difference between micro and mainframe will also start to shrink. Motorola has a 32 bit microprocessor in the advanced stage of design called the 68,000. This, when it is suitably configured, will have the power of a small present day mainframe at about a quarter the cost.

The year 1979 looks to be a good year for the electronics industry and the commercial user of the computer, whether he be a mainframe, mini or a micro computer user.

We can expect to see the microprocessor continuing to be used in a variety of applications, ranging from adding features to sewing machines or the latest sports car, to being the basis of a complete business computer system.







# Buying a computer: take the offensive

**SELECTION of a computer is often seen as a purely technical matter. The machine best fitted for the purpose will be the one chosen. Unfortunately, in the real world, this is not always so. The computer user could find himself with a machine which performs the job unsatisfactorily, but, of course, agrees strictly with the letter of the contract.**

**Failures of this kind are almost invariably blamed on a persuasive salesman, but, looking at it from the other direction, the customer could be blamed for not making sure his needs were met.**

**Either way, it comes down to the fact that the salesman is well versed in negotiating technique. The user, particularly the first-time user, is not.**

**Consultant Trevor Housley gives some hints which may help to make negotiation a more even contest.**

ONE of the most basic and valuable negotiating techniques involves taking the offensive. Despite the fact that most users agree with this statement in theory, few users understand how to implement the theory in actual negotiations.

## What it means

Taking the offensive in negotiations means seizing the momentum and precluding the vendor from regaining it.

Far too many users believe that taking the offensive means "coming on strong", for example, using loud words, pounding the table, and issuing controversial or non-negotiable demands. Although all of these techniques can help a sophisticated user gain or maintain the offensive, these actions generally do little to help most users. The reason is simple: these techniques involve dramatic, overt threats or polarising actions. These actions are likely to make most vendor representatives react in a manner that will ultimately work against the user — for example: (a) by showing annoyance and possibly deadlocking the negotiations as a ploy; (b) by coming on even stronger, thus overpowering the unsuspecting user; (c) by remaining very calm and cautious, thereby causing an insecure user to be even more so; or (d) by completely diverting the discussion to another area, where the vendor can more subtly and effectively gain or regain the offensive. In each case, the vendor realises that the user is trying to take the offensive. Thus, the vendor is able to react, usually through the application of superior negotiating skills.

## How to gain the offensive

The user should always attempt to gain the offensive as early as possible during the negotiations. However, "as early as possible" does not mean before the user can effectively seize the momentum. Timing is critical, as is the negotiating technique actually used.

The best method of seizing the offensive is to do so without causing the vendor to be consciously aware of the change.

One useful technique is for the user to concentrate on the vendor's weak negotiating points. This approach forces the vendor to devote more time and attention to its weak areas (both in preparation and in actual negotiating sessions). Because the vendor must devote unexpected and excessive resources to bolstering its own weak points, it has less time to concentrate on its strong points or on the user's weak points. Indeed, some of the vendor's strong points may become weaker, due to lack of adequate vendor attention and support. When this happens, the user can add these items to its list of vendor weak points and further solidify its control.

An agenda can be an effective method of ensuring that the early negotiating discussion will focus on the vendor's weaker issues.

Where an agenda cannot be used for this purpose, the user should subtly, yet effectively, direct the discussion toward one or more of the vendor's weak points.

Another useful method of gaining the offensive is by zeroing in on the language used by the vendor's marketing representative. Vendor marketing people generally use broad, glowing terms to describe their products, services, and support. Vendor product brochures and magazine ads generally do the same, although in somewhat more restrained terms. When this happens, the user has an excellent tool to use in gaining the offensive.

To use this tool, the user must force the negotiating discussions to concentrate on the precise words used by the vendor. If the vendor claims, "we're committed to maintaining your new system in top shape", the user might zero in on "committed" and "in top shape". In doing so, the user would use such questions as: "Just what do you mean by commitment? Will the contract specify the number of field engineers assigned to our site? Will the term of the maintenance contract run a full seven years? Will you contractually agree to maintenance and lease credits if the system ever fails to have 98 per cent uptime in any month? Will you commit to replace any gear that fails to have at least 90 per cent uptime in any month? Let's take a look at the language you use in your standard maintenance contract to see if it reflects your commitment."

And so on.

Comparing the vendor's oral promises and marketing brochures to its standard form contractual provision can be quite interesting and effective.

## How to retain the offensive

Once the momentum is gained, the user must constantly strive to reinforce its position. Although experienced negotiators can generally retain the offensive by mixing both aggressive and conservative postures on various issues, inexperienced users would be better advised to stick to a positive course of action. Therefore, the user should take the offensive throughout each negotiating session.

Generally, it is easier to gain the offensive at the outset of negotiations than to regain it after it has been lost. Nevertheless, most vendor marketing personnel are excellent negotiators (whether they appear to be or not) and are quite capable of shifting gears and issues to regain any momentum that the user may have seized.

One of the more vulnerable positions for the user is the period immediately after the user has actually gained the offensive. During this period, the user may tend to be overly proud and self-confident of its victory in achieving the offensive. Sophisticated vendor negotiators are aware of this weakness and will attempt to use this period of user overconfidence to regain the offensive. Vendor negotiators can employ a number of techniques at this point; for example, subtly turning the discussion to the user's weak points, or volunteering a strong pro-user vendor concession (previously planned by the vendor for use at some point during the negotiations), or simply blowing the user "out of the saddle" by use of strong, aggressive language.

A similar user weak point often exists at the outset of each new negotiating session (and particularly at the session immediately following the meeting where the user first gained the offensive). The user should remember that, to be effective, the momentum must be maintained and reinforced at each new meeting. As in the initial negotiating session, the best time for reinforcement is at the outset of each new meeting (including the first few minutes of any session that is reconvening after a break for lunch or dinner).

# Data processing potential: the missing work element

BEN DAVIS has had wide experience in America with the introduction of new technology and techniques for managers to gain information for control purposes, and in support of decision making.

Formerly systems manager for Electronic Data Systems, he is now an independent consultant.

WHY do so many DP installations fail? Why do a much higher proportion not meet user expectations? And, most alarming of all, why do many companies fear and resist the introduction or expansion of electronic data processing?

Failure, the unrealised expectations, and fear are all byproducts of ignorance.

Much has been said and written about "lack of communication" as the key factor when EDP fails to meet company needs. A failure to communicate implies that A knew what to tell B, but was unable to convey the message adequately. When the real problem is ignorance (A does not know what to tell B), then improvement in communication skills cannot solve the problem of failure.

With rare exceptions, ignorance is shared by both parties. DP people are ignorant of the business environment in which they are expected to function or provide systems. Business people are ignorant about the computer and the programs written for it.

Because this mutual ignorance is the key factor in misuse and non-use of an essential business aid and management tool, both parties should ideally learn enough about each other to make good communication possible. Good communication leads to understanding, which in turn makes good EDP service possible. But the lot of managers is to cope with a less than ideal world, and managers are better equipped and more motivated than EDP people to remove the area of ignorance. Managers are better equipped by virtue of the skills and experience acquired to achieve and maintain their position, and they are more motivated to help their company grow and prosper.

## Why Many EDP Procurements Fail

There are rarely simple explanations as to why an EDP procurement has failed. To blame an incompetent development team, prompts the following questions:

- Why did the company select an incompetent developer?
- Why was the incompetence not discovered during the development process?

Ignorance by users bears a proportionately greater responsibility for systems failure than the incompetence of development teams. Managers were not informed of the company's responsibilities and duties in the procurement process. It is not in the short-term interest of machine companies or software (program) development organisations even to inform prospective customers of those responsibilities and duties, much less insist that they be carried out. The stated or implied assurance by the EDP developers that the entire job can be left in their expert hands is accepted, and the procurement process acquires the seeds of dissatisfaction at the outset.

The causes of most system failures are rooted in the development process. The reasons for failure are as numerous and varied as the systems themselves, but there is a common thread: the failure of the prospective user company (the company that funds the system development effort) to recognise that:

- There are specific and important contributions to a successful development effort that are the direct and sole responsibility of the user company.
- The capability to make that contribution correctly is not usually found among the professional techniques associated with the company's normal functions

Several important decisions are necessarily made by the future user company before the system development Request For Tender (RFT) is issued.

These decisions are often not recognised as important, or are even made unconsciously. Because of time and other constraints, it is not likely that even the more perceptive developers would question the decisions and assumptions upon which the RFT was based; or suggest that the contract start date be delayed while the customer (user company) undertakes considerable additional work in order to provide needed clarification of what the developer should do.

Even the best software development organisation is vulnerable to such user company sins of omission and commission.

The specific and important contributions that must be made by the user company are reflected in the list of major tasks given below. These tasks are an integral part of the overall development process required for the introduction of a EDP capability or expansion of an existing capability.

- Development of the data requirements for the prospective user company or relevant parts thereof;
- Grouping of data requirements associated with categories of information needs such as accounting, administration, stock control, and so on;
- Priority ranking of information needs categories, determination of required effective dates (information need X must start to be supplied on a regular basis by Y date), determination of available funds;
- Development of an RFT of sufficient quality to convey clearly to development professionals what the user's needs are;
- Evaluation of the tenders received to determine whether the system called for in the RFTs is viable in concept and funding, and if so which tender should be accepted for the development job;
- Negotiation of a contract that retains all the advantages of the RFT and provides the best possible vehicle for achieving the system;
- Management monitoring of the contract work and selective (essential) technical participation by user staff during the system development period of performance;
- Testing of the completed and installed system to verify that the technical conditions of the contract have been met.

The skill areas involved in performing the above tasks include management analysis, systeme analysis, knowledge of the life cycle of information system development, and project control techniques.

All these tasks should be performed by the user company. None should be the responsibility of the EDP development organisation (although it must obviously participate in some of the tasks).

To perform this work requires participation by the general manager, all middle managers to be effected by the future system, and selected other staff. Additionally, one person is needed who will:

- Perform the liaison function with the EDP development team. In particular, this person represents the user company manager responsible for the procurement;
- Advise the user company in EDP matters relevant to the procurement so that the usual good judgment of managers is reflected in procurement decisions;
- Direct or participate in the technical work that must be performed by user company staff.

This person could be a manager or other senior staff member sufficiently familiar with the EDP procurement process. Alternatively, someone with the right qualities could be taught to perform the functions. In either case that person would have to be relieved of all other duties for the entire procurement period of performance. A second alternative is to contract with an individual or organisation to supply the required services.

## A Method For Successful EDP Procurement

Given the demands on managers' time, it is not practical for them to gain in-depth knowledge in a strange and difficult technical area. The compromise is for them to become familiar with those aspects of EDP relevant to their responsibilities, and to have a method available that supplements their limited knowledge and is directed at the work that must be done. Such measures are necessary because there is no substitute for user participation in situations such as key systems decisions that require an intimate knowledge of company affairs, or how management intends to utilise the EDP capability.

It is particularly important that such a method should become available in New Zealand because very few experts are available (not associated with machine or program development organisations) to assist user companies to discharge their procurement responsibilities properly, and as the shortage of trained and experienced EDP staff gets worse, successful procurement will depend even more on user participation and managerial monitoring-control of the development process.

The EDP capability should be tailored to suit the user company, not require the user to adapt to a design reflecting only EDP technical considerations. An important corollary to the above proposition is that the company organisation conforms to sound business practice and has been reviewed for possible changes that should be made to maximise the advantages of the forthcoming EDP capability.

The user should expect resistance from the members of the EDP development team to such design considerations. As specialised technicians, their training and experience tend towards a design that is economical as to program instructions, and closely attuned to the advantages and constraints of the machine to be utilised. It is unrealistic to expect them to compromise those considerations willingly for others they do not understand.

An agreeable compromise can be reached when the development team is made to realise that technical efficiency must be subordinate to system effectiveness. A brilliant technical achievement that cannot or will not be used by company managers and staff is entirely unacceptable.

Technically efficient but ineffective systems abound because users do not participate; they have been led to believe that all the design considerations can be safely left to the development team. The method helps users fulfil their responsibilities, including timing their participation so as to minimise friction with the EDP specialists. The user-oriented requirements should be developed early enough to be one of the factors determining which EDP organisation is chosen to develop the required system. That particular activity and its timing counteracts the preconceptions that even the best EDP specialists bring to a new procurement.

The user's point of view is central to the method as developed, and the method is one way for the user to gain EDP expertise. User expertise is necessary to make it a more even contest between the user and the EDP development team. The point has already been made for user participation, but valid contributions can be lost when the weight of technical authority rests exclusively with the EDP specialists.

The method encompasses the entire process of achieving a new or expanded EDP capability, and a summary description is divided into three parts:

1. From initiation up to the point where the company knows what it wants the EDP capability to do (what functions the system is to perform and how the system is to relate to the organisation);
2. Deciding which EDP organisation will develop the capability (when the user knows what is required, picking the most suitable development team is easier);
3. Participating in and monitoring the EDP development process.

Part 1: In this part, the method is at sharp variance with conventional practice, for it advocates substantial work by the company before the EDP specialists are even selected, much less perform any work. The user would work out what the system will be required to do and how the system would relate to various organisation units-functions of the company. EDP specialists have traditionally performed this work because users have been unaware that this work is best performed by their own staff, and the results of such work must take a form that is understandable and usable by EDP development technicians.

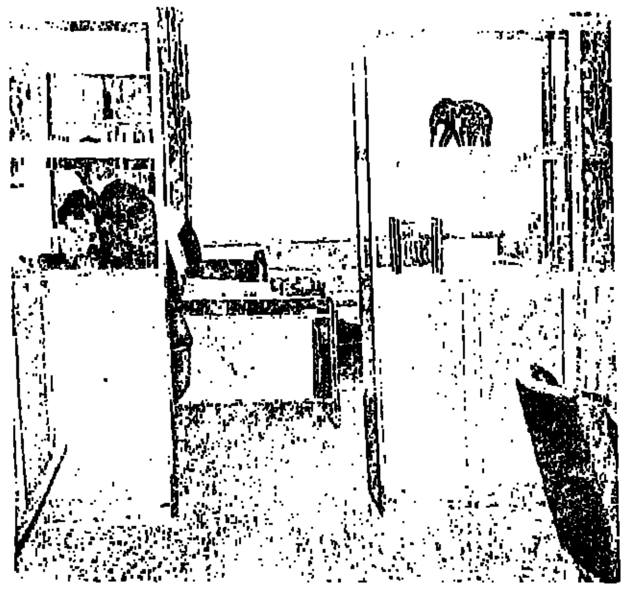
Part 2: Outside the EDP area, when a company requests tenders for work by outside contractors, specifications are always drawn up before the tender is advertised. Such a procedure recognises the variability in contractor qualifications and the difficulty of estimating costs. Specifications make an equally valuable contribution to the EDP procurement selection process, for they are the means whereby EDP organisations can be required to be specific as to their technical approach; to spell out in some detail how they would provide the EDP capability the company requires.

There is one major reason EDP systems run over budget and past planned completion dates: virtually nothing has been done at the time agreement is reached between user and developer as to cost and schedule. Faced with a situation in which the system requirements have not been defined and there is competition to win the procurement, it is completely unrealistic to expect the EDP organisation to be conservative in its estimates.

There will be optimism because that is the "natural state" of EDP specialists, and more so if the company indicates that system cost and date of completion will be important factors in determining who will develop the system.

The method prescribes a formal tender procedure to be used in selecting the organisation to provide the EDP capability. This procedure should be used when there is an in-house EDP organisation, as there are many development jobs for which such organisations may be unsuited.

Part 3: Here, the method provides a procedure whereby the company manager responsible for the procurement can monitor progress and exercise administrative control, even though he is familiar only with the EDP development process. Central to the procedure is a comprehensive version of the system specification. Starting at the outset, when the company first considers the EDP capability (long before the EDP specialists start their work) this all-inclusive device cites milestones, intermediate work products and final work products covering all phases and all organisations involved in the procurement. Finally, it provides a procedure for periodically reviewing the state of the system after it has become operational within the company.



Systems design starts in the office . . .

. . . not in the computer room.

## Conclusion

Unfortunately, given the present state of EDP procurement, most companies get the systems they deserve. To the extent that they know what they want, participate in the development process, and do not abdicate their managerial responsibilities to control the procurement, systems can be and are achieved today that are balanced between technical efficiency and user effectiveness.

The method formalises only one of the ways that balance can be achieved. A training course in the method has been developed to assist user companies, and will be offered initially by the Wellington division of the New Zealand Institute of Management. If there is sufficient interest it will be scheduled for one or more of the other main centres.

Companies or individual managers interested in more information about the course should contact Martin Kimble (Wellington division manager, NZIM) or the author (720-902 Wellington).

# One-stop shoppers start to look around

IN the 1960s and early 1970s, the structure of the computer industry seemed quite clearcut to prospective users. In New Zealand a wide choice did not exist, and managements would customarily opt for one or other of the traditional mainframe computer manufacturers and look to that company to supply all their needs.

Today the picture has changed dramatically. A host of new products now exists — terminals, disc drives, printers, add-on memory. Of the major manufacturers, IBM has fought off these incursions most effectively by means of frequent product change. This is what the current action brought by the Justice Department in the United States is all about. The trend, however, has been irreversible, and as computer users become more knowledgeable and experienced they are tending to cease blind one-stop shopping and are starting to look around. The notion that one company would be left dominating the industry is losing credibility against the spin-offs and new developments apparent on every side.

Indeed, the trend is such that there is a serious prospect that the mainframe monsters, which business managements have been accustomed to installing in the past two decades, may become outdated in the next 10 years.

It is currently predicted by one leading company that by 1987 a single chip of 2-30 bits or 25,000 "gates" will cost of the order of one thousandth of a cent per bit. By the mid-1990s, the same sources suggest that the traditional mainframe computer will have become microprocessors on LSI (large scale integration) chips. In 10 years' time, a central processing unit with the power of an LSI 11 microcomputer with one million bytes of memory will be available in the size of a handheld calculator.

The rate of technology will not slow down. The industry will continue to be technology driven, and the opportunitties to exploit the technology will be limited only by man's imagination. Oddly, these developments lead to a possible "backlash" in LSI technology. The greater functionality which these machines will permit leads to specialisation, and in turn decreased volume and increased cost.

Against this background, what has become of the traditional computer service bureaux founded typically in the 1960s? Most of these organisations featuring the adaptability that seems inherent in the computer industry have transferred themselves out of organisations offering purely batch or overnight computer processing, into providers of on-line services (remote terminals in one's own office, connected by telephone line to central computers), suppliers of mini computers and various terminal and communications gear. Often this has been accomplished against the background of the original batch-processing operation. The unique factor that the computer service companies have, beyond being purveyors of equipment, is their ability to tie hardware together with systems and software, and to deliver a final product which is close to the customer's end need — ie, a mix of equipment whether standing alone or on-line, combined with software dedicated to a particular application. In general, the machine companies do not commit themselves to trying to meet this end need.

Accomplishment of this change has been difficult and expensive for those firms that have stayed the distance. There are few industries in New Zealand which are confronted with such a continuing onslaught of change. This is market force at work with a vengeance. Those service companies which have failed to recognise the changes in time (in the form of on-line services for instance) and react to them, face a bleak future.

The mainframe manufacturers continue to leave a gap in the service area. They could well find it increasingly difficult to live at the retail end of this business, offering end solutions. There are increasing numbers of suppliers of all sorts of computer equipment who are not burdened with such marketing costs, and who are able to offer their wares at prices which make nonsense of the traditional mainframers' offerings. It falls to the computer service industry to keep itself attuned to what is happening, and to put together the most realistic and economic solutions for its clients.

The next round of change will be in the introduction of microprocessors. The micros today are still considered to be part of the province of engineers — just as computers themselves were earlier locked in the hands of mathematicians. This will change, however, and in the end micros will make it possible for everyone to have their own machine. The age of the personal computer has now arrived. These processors can be obtained in the United States today for under $1000. The addition of disc and printer brings the price to between $2000 and $3000 in United States terms. Some have even gone so far as to say that the computer revolution will date from the introduction of these devices — the point where personal computer power is finally brought to the public. To paraphrase an unidentified observer: "I have seen the future — and it RUNS."

Run it may, but there is still a backlog to make up in in software applications before these devices completely leave the hands of the engineers and computer enthusiasts and reach the wider public. At present, the micros threaten only single terminal mini computers. In the future they will make compilers on mainframes obsolete.

Some intriguing developments are taking place overseas in this area. One leading British software company has developed a product called Micro Cobol which is making COBOL programmes and files totally transportable between one microprocessor and another.

The micros are extending everywhere — far beyond the bounds of business data processing. They are going into the carburettors of new cars to monitor fuel consumption, and even into pinball machines.

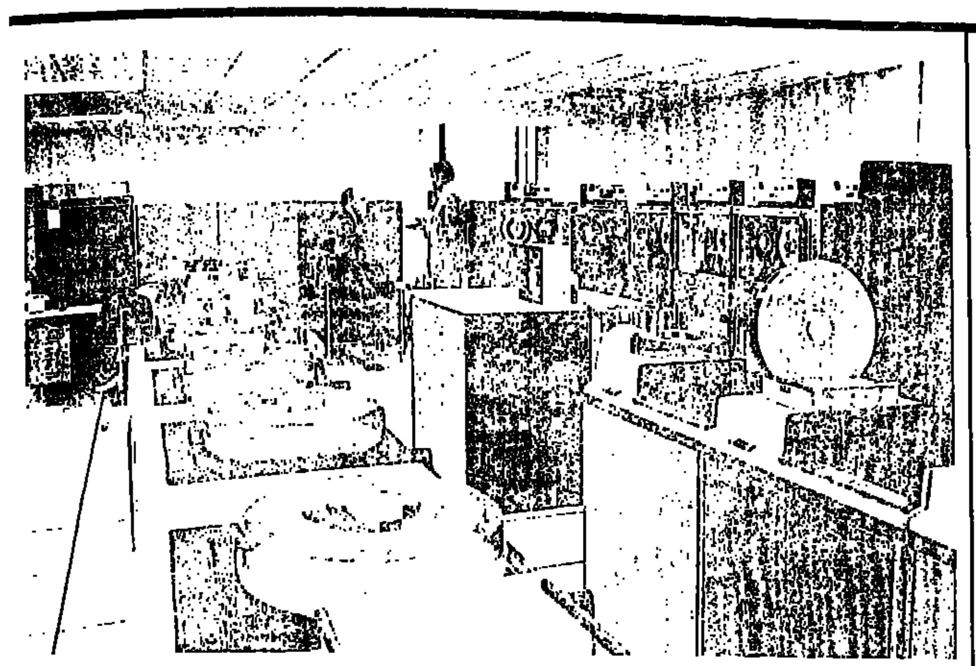
The central computer monolith costing many hundreds of thousands of dollars, housed in its expensive suite at head office, will likely prove a thing of the past within the next decade. Computer power will become decentralised. Costs will make it feasible to place equipment at remote locations to meet users' requirements on the spot. Great improvements in data communications will put decentralised computer power within the reach of many business operations, leaving the central machine with the functions of providing software backup, and holding and dispensing large-volume historical data.

As for the computer services companies — some would argue that such firms have temporarily penetrated soft spots in the marketing of hardware-oriented, in-house data processing. Such a view might be described as "technologically oriented" — ie, suggesting that for every information problem facing business there is a hardware solution. Each further innovation in the way of faster memory or cheaper disc is seen as another nail in the service companies' coffin. This is a simplistic view, and ignores the adaptability and resilience of this young industry. The fact is that television failed to destroy radio or motion pictures. Indeed, both industries have since gone from strength to strength.

The computer service companies have typically developed with limited resources, and extremely hard work by their founders. The leading firms in this industry have shown themselves capable of tackling the most formidable odds and of understanding the business problems of their clients in a way that has enabled them to produce practical economic solutions.

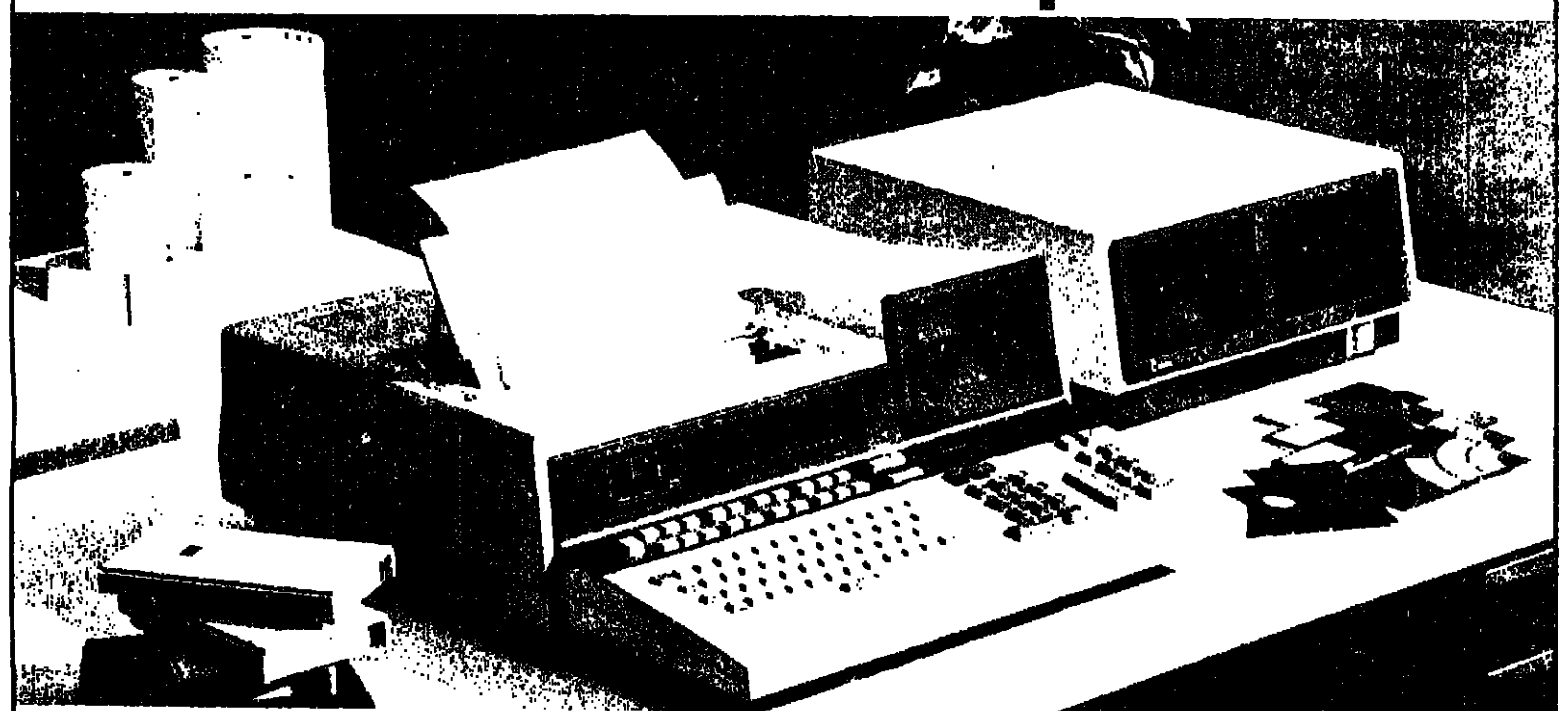
The latest service to come out of the computer service industry is timeshare, and it is likely that those bureaux which thrive into the 1980s will operate timesharing computers capable of processing work transmitted from a user's premises over the telephone lines in an interactive mode. Typically, the user will have terminal and printer in his own office, and will function as if the computer were in the next room. He will have the added advantage of having contracted the tasks of software development and support, together with management of the remote computer to a professional organisation, and most importantly he will pay only for the resources he uses.

By 1985, that will sound a lot better than being committed to a large-scale in-house computer which has become both technically and economically obsolete.



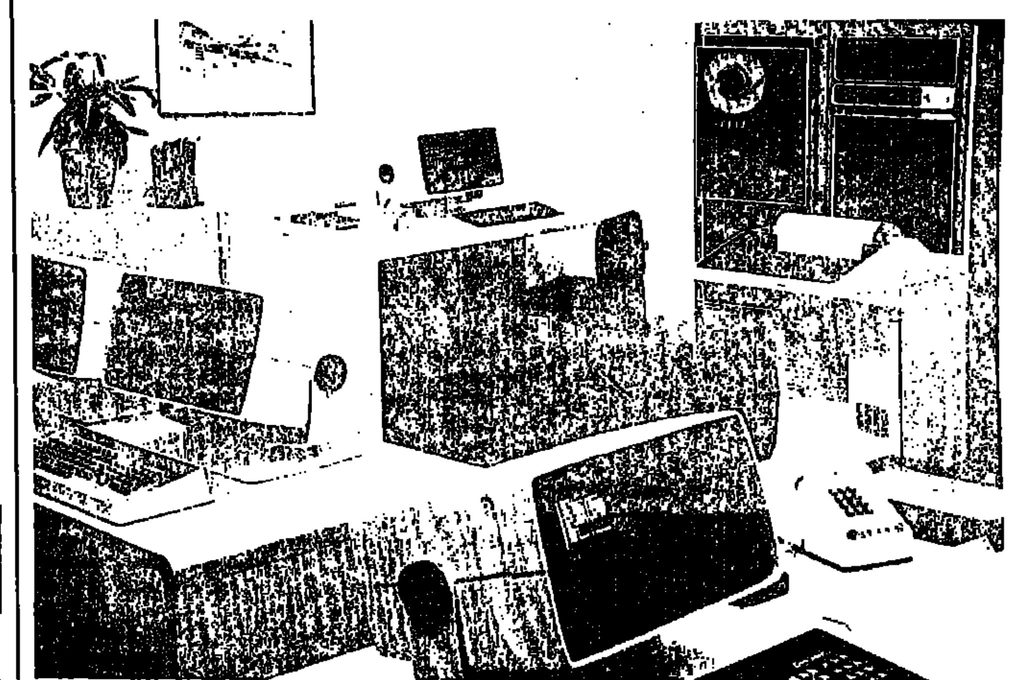
CENTRAL "MONOLITH" . . . soon a thing of the past?











DATA GENERAL . . . returns to Topic with CS-40.

# Topic 79 opens next month

THE year's round of computer-oriented exhibitions starts at the end of April with the opening of the annual Topic show. Arrangements are still in progress, but, comparing the programme to last year's, it is already plain that there will be some new faces, some returns and, unfortunately, some departures, in the computer sector.

The exhibition attempts to cover the whole office equipment field, "from rubber bands to computers" and, in doing this has, perhaps, approached too broad a field. Some of the computer companies are clearly concerned that the bulk of the visitors will be interested in non-computer items.

Among last year's exhibitors which give this as a reason for not returning is Anderson Digital Electronics, which carried a wide range of minicomputer, terminal and peripheral equipment at Topic 78, and International Data, with its Prime machines.

Many of the small business-machine and word-processor companies will be back, though. Sigma Data and Wang have already booked stand space, and a new arrival will be David Reid Data Products.

Data General, too, will be returning, with its CS-40 and CS-20 small business systems.

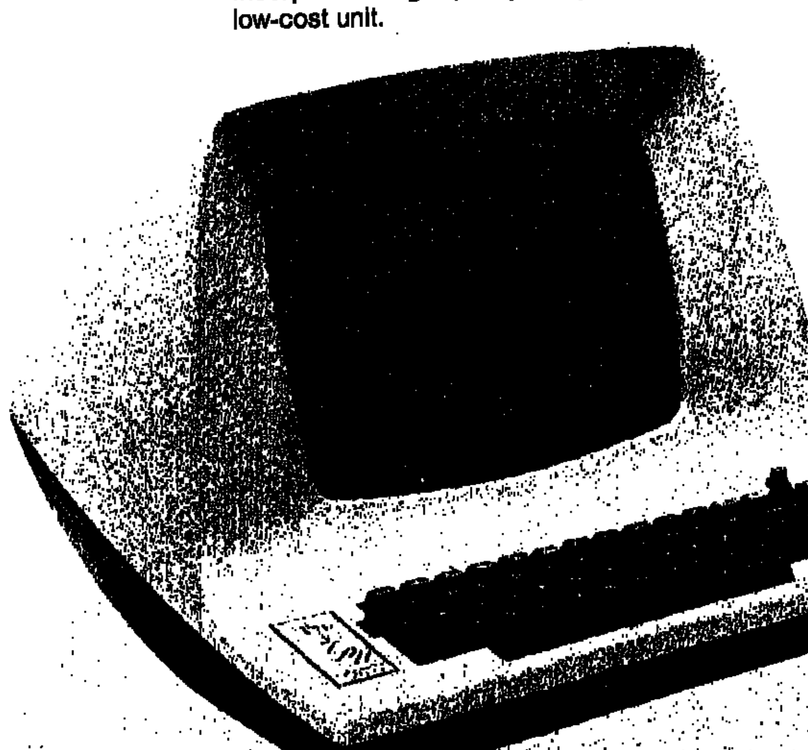
The big mainframers like IBM and Burroughs all have some kind of interest in the small business equipment world, but did not appear last year. Decisions from most of these companies on this year's exhibition are still awaited.

The software and services sector will be represented, with Hartley Computer Applications as a return visitor, and software house and OEM, Computer Dynamics and H-P 3000 bureau Timeshare Systems putting in their first appearance.

Outside the exhibition hall, chief Topic attraction will be a seminar for the four days of the event, by Dr Frederick Emery, of the Australian National University.

Dr Emery will discuss various aspects of human relationships and how they are affected by the increasing automation of business functions.





# BMG: training for the real business world

A WIDE variety of teams from within and outside business will be making commercial gambles again this year in the safe simulated environment of the Business Management Game.

Pitted against one another in an artificial competitive "market" created on an ICL computer, the small teams — about four strong — make a series of decisions on how to allocate their funds to achieve a higher profit than their competitors.

After three rounds, a winner emerges from each of four geographical regions, and these compete against one another in a one-day final requiring some quick decision making.

Some teams, it is clear, play for the glory of winning and the $1200 prize. For many, though, the game is a valuable exercise in training for the real business world.

A scheme like the BMG helped to give an appreciation of the operation of a company as a whole, said Tom Moran, of Caltex Oil, one of last year's contestants.

Working in one department of a large company, he said, there is a danger of becoming too specialised, and losing sight of the effects of one's own departmental decisions on other parts of the company, and eventual profits.

Caltex certainly sees the BMG chiefly as a training exercise. Last year, the company entered three separate teams, each made up, as far as possible, from members of different departments.

Shell Oil made an interesting contrast to Caltex, fielding the four members of the planning department as its BMG team last year, and reaching the final.

This approach turned out to have a number of advantages, said spokesman John Milne. Not the least of these was improved communication. A team made up from different departments proved difficult to get together every time a decision had to be made.

The educational value of the game even attracted a team of 15 Wellington Polytechnic students last year. The game was used as a "practical" extension of a commerce course.

Lecturer Tony Lenart, who organised the entry, still had misgivings about some of the economic theory behind the game, but conceded that it gave "a useful overall appreciation of budgeting".

The equivalent course this year has been cancelled, owing to a shortage of students, but Lenart sees value in the game for students on other courses, and is trying to arouse interest in setting up another team for this year's event.

Perhaps, he added, with a note of professional rivalry, some of the universities could do worse than enter teams in the game, to supply their students with a more practical and less academic facet to their training.

The notional "companies" in a game are regarded as all dealing in the same single product. They "sell" this product in a number of market areas and, in addition, compete for fixed "contracts". Each company has its "home" area, where it has an advantage over competitors in transport costs.

In the course of each game, between six and eight decisions are required. Each decision involves detailing price levels, the sources of the cash required — existing funds, borrowing and sale of assets — and the allocation of these funds in such areas as production, marketing, research and development, consultancy fees, plant and vehicle purchases and tax provisions.

The BMG program takes these decisions and weighs up the advantages and drawbacks of each company's strategy in the competitive market.

Final output is a management report showing each company the sales it has made and the contracts gained in that business period, as well as measures of such imponderables as the company's "image".

The management report is used as a basis for the next set of decisions, and so on for six to eight business periods. Periodically, balance sheets are "published" giving each company an idea of the performance of its competitors.

Winner of a game is usually decided on the basis of profit over the whole period. The BMG administrator may, though, decide on a different criterion, such as market share, for a particular game.

As with all computer games, administrator Mike Jameson admitted, it was possible that competitors playing repeatedly could get to know the game's "style" — the way the program responded to certain decisions. This could give them an advantage over other players and introduce an "artificial" atmosphere to the game.

The administrator, said Jameson, was well placed to discourage this kind of play, by manipulating the "economic situation", defined to the program by a series of parameters, and only hinted in broad terms to the players. Each company's starting position — described in a preliminary management report — could also be varied.

It is plain that most competitors, even those playing to win, are aware of the benefits of the game in terms of business experience, and thus tend to bring new people into the team each year, rather than fielding "experienced players" of BMG.

The BMG is now in its fourth version, with a program known as Nimex IV. Evolution of the game, said competitors, showed an increasing concentration on cash-flow management, rather than a direct emphasis on profit. This contributed greatly to the feeling that it was closer to the real world.

ICL has now instituted an annual Business Management Game in "at least 20" countries — incidentally, of course, a promotion for its computers, and for the abilities of computer equipment generally, to assist in business planning.

In New Zealand, the game since 1977 has been cosponsored by NBR. The number of competitors each year has now climbed to over the 200 mark.

This year's game will begin on April 27, with a "trial" round, allowing inexperienced entrants to get used to the "feel" of the game, before formal play starts. With three rounds and a final, the competition will run until the end of November.

Each regional winner will get a $200 prize, and the eventual winner is awarded $1000 in addition.





# Money flow goes down the tax drain

THE ECONOMY

Economics Correspondent

BORROWING used to be difficult and expensive in March and September. During those months, the trading banks had less money to lend because the Reserve Bank required part of their deposits to meet final tax payments from companies and self-employed individuals.

To smooth out fluctuations in bank lending in March and September, the Reserve Bank introduced a new scheme last year, the compensatory deposit scheme. The consumer benefited. Not only was it relatively easy to borrow money last March (and September), but interest rates did not go up.

This year things may be different. While the Reserve Bank will continue to operate the compensatory deposit scheme, it will do so under tighter monetary conditions. The trading banks' allowance of $100 million in "free reserves" (cash on hand) has been cut back to $50 million.

How do tax payments change the supply of cash trading banks have available to lend in March and September?

Most companies and self-employed persons pay income tax in two instalments, one-third in September and a further two-thirds in March.

The tax payment is due on the seventh of the month, but it may take longer for the banking system to reflect the extent of tax payments — taxpayers may not pay exactly on the day and it may take a while for the Reserve Bank (acting on Inland Revenue's behalf) to clear a cheque.

When a company (or individual) writes out a cheque payable to the Inland Revenue Department, the cheque is credited (eventually) to a Government account at the Reserve Bank. The Reserve Bank then presents the cheque to the taxpayer's bank for payment. When the bank pays, the resultant drain on the money supply is referred to as the "tax drain".

In 1977-78, company tax payments equalled around $600 million and tax payments by self-employed persons totalled nearly $840 million.

Clearly, if two-thirds of this amount flowed into the Reserve Bank at once, the drain on the banking system could be quite large. Trading banks feel the pressure as overdraft limits are fully utilised and as money previously held by taxpayers in demand deposits is withdrawn.

Trading banks are required to hold a certain percentage of their deposits in Government securities, Treasury bills or as deposits with the Reserve Bank. In other words, trading banks can use only a certain proportion of their deposits for lending purposes.

If they lend more, they are subject to penalties.

When their deposits are run down during March and September by the tax drain, banks cannot lend as much and the overall money supply tightens up.

When money becomes tight, interest rates (the price of money) often rise. Surges in interest rates frequently occurred in March in the past because of the instability and uncertainty induced by the large tax flows.

In theory, withdrawals from the bank's deposits for tax purposes were supposed to be balanced by injections of Government expenditure. But the pattern of tax flows is quite different from the pattern of Government expenditure.

The Government does spend more on average in March than during any other month as departments try to spend all their annual appropriations and to pay their bills before the start of the next financial year. Even so, Government spending in March is hardly ever more than 15 per cent of its total annual expenditure.

But the amount of tax collected in March usually represents more than 30 per cent of total income tax collections, and nearly 25 per cent of all Government revenue.

So in March, the Government takes more out of the banking system than it puts in. Things are not quite so bad in September.

For another example, let's look at Government Budget activity for this year.

The Government's deficit for the nine months ending December 1978 was more than $1750 million. During the December quarter alone, the deficit increased by $830 million.

To put it another way, the Government injected $830 million into the economy. Most of this injection would find its way into the banking system and would contribute to increasing the money supply.

A somewhat different pattern will become evident for the March quarter. The Government's internal deficit is expected to be close to $1600 million for the year, less than the deficit at the end of December. This means that the Government will make a net withdrawal of $150 million during the last quarter of its financial year.

Government expenditure during the March quarter certainly will not offset the flow of tax monies into the Government coffers. Government will have a negative impact on the money supply.

Clearly, the trading banks' net loss in liquidity (decline in deposits) will not be as great as total tax payments. But it is difficult to estimate how much it will be during March.

The Reserve Bank found this out in previous years when it tried to compensate for the tax drain by lowering the trading banks' reserve asset ratios (the proportion of deposits banks were required to invest in Government securities and so on for March. This was not enough.

So in March last year, the Reserve Bank introduced its compensatory deposit scheme. Broadly, the scheme involved the Reserve Bank in recycling funds to the trading banks equalling the amount of deposits they lost when customers paid their tax bills.

The compensatory deposit scheme, aided no doubt by the Government's expansionary fiscal stance and generally easier monetary conditions, resulted in there being no apparent seasonal pressures on interest rates during March and September 1978.

And while the ratio of lending to deposits tightened from 67.25 per cent to 69.52 per cent over the first week of March last year, the ratio was clearly more relaxed than the 75.59 per cent ratio of the year before.

In September, the tax drain was even more readily absorbed by the banking system. Compensatory deposits, reaching a peak of $121 million, were perhaps higher than necessary. On average, trading banks had more than double the $100 million in free reserves which the Reserve Bank tries to maintain.

By the end of September, bank lending represented 69.58 per cent of deposits, significantly below the ratio of 79.18 per cent for the year earlier.

But things were different in 1978 than they are now. The Government was trying to expand the money supply. Now Government thinks its expansionary fiscal policy has caused the money supply to grow too quickly. The Reserve Bank does not want to ease liquidity, it wants to tighten it.

So reserve asset ratios will be higher than usual this March. Banks will not be allowed to lend a very large proportion of their deposits. Further, whereas the Reserve Bank erred in favour of the banking system in September, making more than necessary available in compensatory deposits, it will probably err against the banks this March.

If you are planning to borrow money this year, you should have done it by now.

## Galleries

by Peter Cape

Auckland City Art Gallery: Nineteenth Century New Zealand landscape painting. Recent acquisitions in New Zealand oils.

Auckland Society of Arts: Ida G Eise retrospective.

Barry Lett, Auckland: Dick Frizzell, paintings and works on paper.

Waikato Art Museum, Hamilton: Dianne Arbus, American photographs.

Waikato Society of Arts: Members' Watercolours and drawings.

Pofflatt, Thames: Gary Godfrey, paintings.

Rotorua Art Gallery: Air New Zealand Civic Art award.

Govett-Brewster, New Plymouth: New Zealand Sculptors at Mildura.

Sarjeant, Wanganui: New Zealand Landscapes.

Manawatu, Palmerston North: Vivian Smith, paintings and drawings.

Wairarapa Arts Centre: Stanley Palmer, prints and paintings.

Dowse, Lower Hutt: Hutt Art Society.

Academy, Wellington: Shona MacFarlane, retrospective.

Antipodes, Wellington: Jeremy de Courcy Low, paintings. Tony Stevens, ceramics.

Peter McLeavey, Wellington: Philip Trusttum, recent paintings.

National Gallery, Wellington: Brent Wong retrospective.

Victoria University: Carol Anne Bauer, painting and embroidery.

Wellington Settlement: Emily Jackson, paintings.

Canterbury Society of Arts: Indoor-Outdoor, a major exhibition of contemporary works.

McDougall, Christchurch: Computer Art. English watercolours.

Dunedin Public: Vasarely and his contemporaries.



## Non-stop competition for audiences

NON-STOP broadcasting for all community and ZM stations is the aim of Radio New Zealand. In a press release covering the application to extend station warrants for 24 hour broadcasts, RNZ's director-general Geoffrey Whitehead stated that "the greater mobility and affluence of young adults, an increasing number of shift workers and the development of accompanying public services call for an alternative popular appeal programme to the National programme all night transmission".

But a more powerful motive than any of the reasons publicly presented, obviously, is a praiseworthy desire to meet the independent station in ear-to-ear competition. The transistors of heavy listeners and rock fans tuned to independents in the early morning hours are switched off still tuned to those stations. So RNZ is fighting back.

Community stations will carry a network continuation of the "Tonight Show", but are able to break from it for local interest programmes. ZM stations are free to cut loose with a "wide range of contemporary and experimental music" and, of course, rock and more rock.

Would the extended hours bring in much additional advertising revenue was the question Admark asked Jim Robertson, director of sales and marketing.

"Advertising is a secondary consideration in our plans for extended hours," he said. "We would not expect to write a lot of business except during Christmas and Easter holidays. But there are other important advantages. The costs are small. The extension of the Tonight Show would provide a nationally available programme but it would emanate mostly from one station. We would provide an alternative to the National programme for a large slice of the country which has no such alternative at present because it is not reached by the independents. It would give us the opportunity to follow a world-wide practice of training announcers when they are exposed to small audiences only. One important but overlooked point is that 24-hour local stations can play an important role in civil defence emergencies which, because of their local nature, cannot be handled practically by a national programme."

Out there, between midnight and five in the morning, is an uncounted but relatively small number of listeners to be wooed and won. The independents are bound to react strongly. And the onlooker may wonder whether the contest is worthwhile. But the real prize is listener loyalty — and that's worth fighting for.

## Wesney retains Avon links

IN no other area is Dame Rumour so frantically busy as in the advertising business.

So when Radio Avon's Noel Wesney announced his resignation, effective at the end of March, from the position of executive director in order to further the interests of his own business, gossip ignored the facts as published in order to concentrate on the speculations.

The facts are that Wesney is retaining all of his substantial shareholdings, that he remains a member of the board; that, additionally, he is retained as a consultant in the field of programming and other managerial matters, and that he continues to be the Avon representative on the Independent Broadcasters' Association, of which he is the chairman and industry spokesman.

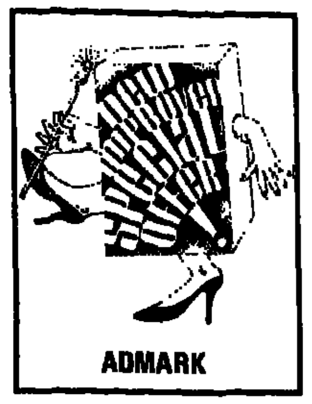
"After six years with one of the best performers in the country, I can shed my full-time responsibility with some satisfaction," Wesney told Admark.

"My own background music company, Instant Music Ltd, has reached the stage where it demands my continuous presence. I know from overseas observation the growth potential that exists, and I want the opportunity to develop it. My company operates in the same building as Radio Avon so I will be in daily touch."

Staff advertising, which concurrently excited comment, reflects a completely normal situation, said Wesney.

Wesney's position will not be filled, but the station will operate under an executive structure with executives reporting directly to the board.

## Agency practice under scrutiny




THE word is out. The whole system of payments and rewards under which advertising agencies have operated for half a century is under investigation. The examiner of trade practices is, in the TV vernacular, in hot pursuit. Can the 4 As head off the dogged, painstaking, relentless scrutiny of officialdom?

Well, that's what the scenario looks like to some observers. But such a colourful picture is not justified by the facts as ascertained by Admark.

Gordon Stringer, director of commercial practices, told Admark that all collective pricing agreements are required to have the approval of the Commerce Commission, and the conditions under which agencies operate and which are binding on 4 As members, are just one among many such collective agreements which have yet to be processed.

When the examination is completed, a report will go forward to the commission. If the examiner recommends approval of the current practices, conditionally or unconditionally, and the concerned parties agree, the commission can decide that no public hearing is necessary and issue a decision accordingly. The document is then on public file. If, however, matters are still in dispute, a public hearing would be conducted.

## Media 'David' crosses Tasman

AUSTRALIA'S media David that has so successfully challenged the phalanx of Goliaths over the last decade has now spread its sling shot to New Zealand.

The David — in the form of the controversial tabloid weekly Nation Review, affectionately known to its readers as "the ferret" — went on sale in Auckland bookshops last month and is expected to be sold in other major cities later.

Nation Review emerged Phoenix-like from the ashes of another fiercely independent paper, the Sunday Observer of Melbourne, in 1970 as the Sunday Review.

Its transport industry millionaire backer Gordon Barton (Ipec) founded the Observer the year before as a sort of mass media David with support for the alternative Australia Party's ideals.

It reached a circulation peak of about 150,000 but eventually folded — beaten by the monopolistic distribution practices of the major newspapers and high production costs.

Instead, Barton launched a "lean and nosey like a ferret" Review with a smaller staff and tighter finances and aimed it at a discerning, intelligent readership.

Fluctuating as it did between left, liberal, conservative and anarchistic views, Nation Review fulfilled the roles of several publications at once.

Injecting its own irreverent and Australasian tone into everything it published, it could be satirical, muckracking, seriously factual — or all of these at once.

Nation Review represents the apex of Australian journalism and its exposes extend to cover New Zealand as well. (Last year, it published a more incisive account of Christchurch Star editor Michael Forbes' showdown with the Prime Minister than any seen in New Zealand).

It also influenced the shortlived New Zealand tabloid weekly The Week.

But about two years ago Nation Review began to lose circulation — dropping from 55,000 to 20,000 — as it became too cynically introspective.

Now Barton has sold the paper to independent Melbourne publisher Geoff Gold, well known as a onetime student radical and for his involvement in the Australian Independence Movement. Gold has revitalised the paper with more reader participation and introduced free community advertising in the Review's popular "shortlist" classifieds and the paper's circulation has been climbing again. Its foreign coverage is linked closely with the New Statesman and Agence France-Presse services.

And now Nation Review has breezed into New Zealand looking for fresh Goliaths to tackle.

# Are we spending too much on social security?

by Brian Easton

THE huge Government deficits this year will undoubtedly bring further calls to reduce Government expenditure on social security. But such demands are rarely backed by any coherent analysis of expenditure.

In fact any close and humane scrutiny of certain social security benefits is likely to lead to recommendations for increasing expenditure. Perhaps that is why critics of social security prefer vague generalities based on careless analysis.

For instance, the Planning Council treats health benefits as health expenditure in its table on page 45 of Planning Perspectives. On the following page, the same benefits are classified as social security expenditure, so that there is double counting in effect if not intention.

How much is spent on social security benefits?

A useful starting point to discuss this question is the appropriation for "Grants, Contribution, Subsidies, and other Transfer Payments" plus "Advances, loans, and Transfers to other Votes", published in the Estimates under the Vote of the Department of Social Welfare. This amounted to $1727 million or a 105 per cent increase above the $841 million spent in 1975-76. By comparison, prices rose around 49 per cent in the same period.

A measure not unlike this is used by the Planning Council to demonstrate the growth of monetary benefits relative to GNP. But this comparison is misleading since both Universal Superannuation and National Superannuation are taxable in 1975-76 and 1977-78. So a substantial chunk of the social welfare vote was "clawed back" (recovered) through the income tax system.

The proportion clawed back under the two schemes, however, was quite different.

I estimate the clawback effects amounted to $55 million in 1975-76 and will be around $295 million in 1978-79, so net social security expenditure after clawback will increase from $787 million to $1430 million. This is an 82 per cent increase in the three years.

This expenditure can be classified into the main components: benefits for the elderly; benefits for the unemployed; and other social welfare expenditure.

Over the period, net social security expenditure after clawback on the elderly increased from $423 million to $890 million — an increase of 110 per cent. Whether all of this represents an increase in expenditure for social welfare purposes is debatable, since almost all the increased expenditure has gone to elderly on high incomes, particularly those in the 60 to 64 age group who are still working and who were not previously entitled to superannuation. On the other hand, some of the poor elderly are worse off under National Superannuation than they were under the previous system of age benefits and Universal Superannuation. They would be better off if they could switch over to the Invalids' Benefit plus the additional benefit and telephone and television concessions.

TABLE: The Changing Pattern of Social Security Expenditure

| | 1975-76 (Actual) $m | 1978-79 (Estimated) $m | change per cent |
|---|---|---|---|
| Department of Social Welfare, Vote: Grants and Transfers1 (Net) | 841.4 | 1726.8 | 105 |
| Estimated Clawback | 54.7 | 195.5 | |
| Vote after Clawback | 786.7 | 1431.3 | 82 |
| Net Expenditure after Clawback | | | |
| On Elderly | 422.9 | 887.1 | 110 |
| On Unemployed | 8.5 | 58.0 | 582 |
| On Remainder | 355.3 | 486.2 | 37 |

1) Estimates of Expenditure (including Supplementary Estimates), 1978-79.
2) Estimated by B Easton.

The Government has appropriated $58 million for the unemployment benefit in 1978-79. This is seven times' the expenditure of $8.5 million in 1975-76. This increase is not surprising because registered unemployment has increased five-fold, and prices by nearly 50 per cent. Moreover, some recipients of Widows', Invalids', Sickness, and Domestic Purposes Benefits draw benefits because they cannot get work. So $58 million is less than the true level of social security payments because of unemployment.

Other social security expenditure appropriated in 1978-79 is $486 million. This is 36 per cent more than the $355.5 million spent three years ago. In real terms (adjusting the figures for inflation), this is a fall of 9 per cent.

There are a number of reasons for this decline. Expenditure on war pensions has declined, as the veterans have died off. The money value of the Family Benefit and the Additional Benefit has remained at $3, but with inflation their real value has been cut by a third. The Christmas Bonus for beneficiaries has been eliminated. Eligibility requirements for benefits have been tightened. The emergency Domestic Purposes Benefit level has been cut $16 a week. More maintenance has been collected from the fathers of the children of solo mothers. Family home advances (the capitalisation of the family benefit) have been reduced. Effective abatement rates on beneficiaries' extra income has been increased by inflation.

Only the provisions for solo parent families, and for disability, have grown in real terms during the period.

Appropriations in these areas are less than cuts in other social welfare expenditures. As a result, the taxpayer is providing around $45 million less than if expenditure had increased in line with prices.

On the basis of this brief review we can draw some broad conclusions about our levels of social security expenditure:

- In 1978-79, the appropriation for National Superannuation comes to 9 per cent of personal disposable income (compared with 5¾ per cent in 1975-76). Those over-60s make up around 13½ per cent of the population and many have additional income from labour earnings, investments, occupational pensions and freehold houses. On the basis of such data, a plausible case could be made that we are spending too much on the rich elderly, and that the National Superannuation benefit should be reduced. On the other hand, since the poor elderly are worse off than those on ordinary benefits, there is also a case that we should spend more on them, perhaps by allowing them to transfer to the Invalids' Benefit (as some already have transferred to the Widows' and Domestic Purposes Benefits).

- We may readily agree that any expenditure on unemployment benefits is too much, in the sense that we would prefer there was less unemployment. But unemployment benefits expenditure has not risen in comparison with the number of registered unemployed, or to prices. Given that the benefit level is likely to be inadequate for families, is the appropriation in 1978-79 too low?

- The remainder of social security expenditure has fallen from 4.8 per cent of Personal Disposable Income in 1975-76 to an appropriation equal to an estimated 4.6 per cent in 1978-79. Given the overall rise in economic and social distress. It seems heartless to advocate further overall cuts in this area. Of course each component should be subject to scrutiny. Provision for solo parents has come under particular public attention. Such attention would be better concentrated on the social problems of solo parenthood rather than the level of expenditure. The evidence is that real expenditure on solo parent families is levelling out, and perhaps lower unemployment could even reduce it.

Advocation of increasing social security spending in certain areas does not mean we should ignore anomalies. Indeed, the removal of anomalies could help to finance the necessary increases in benefits.

We need also to be much more imaginative. I would give the Government high marks for the way it has improved family finances by adjustment to the income tax system. It seems likely that further tax reform will be limited by the inflexibility of the present tax system. We may have to change our tax structure radically by introducing the negative income tax and amalgamating the tax structure with the social security structure. The basis might be the "tax code", where everyone has the same income tax scale, but receives an additional number of dollars (equal to their tax code), which reflects household size, ages, and other economic circumstances.

Such reforms must be based on more research than the crude analysis of the social security system such as exhibited in Planning Perspectives. The least we might ask from commentators and critics is that they have sufficient familiarity with the complexities of social security, so that the public has a reasonable opportunity of assessing the true cost and significance of any proposals.

NOTE: Except for tax clawback effect, the figures used in this article are based on the Estimates of Expenditure, (including Supplementary Estimates for 1978-79), and Quarterly Predictions, (NZIER), September 1978.

# Mazda 323: keeping 808 alive

Motoring Writer

NEW to the small estate class is Mazda's 323 five-door wagon, based on the three- and five-door hatchbacks.

The estate replaces the 808 wagon, one of Mazda's most popular models. Priced at just under $8000, it appears to be competitively placed (it is $80 more than the old Datsun 120Y five-door wagon and Toyota's five-door comes in at $7740). Other competition comes from Escort 1.3 wagon at $7045 and the Chevette estate at an incredible $6795.

The Mazda has a slight edge in specifications, with a rear window washer-wiper, split rear seat and inertia-reel seat belts.

Missing from the list though is a driver's-door mirror, for which the 323 purchaser will have to add $15 to the invoice. It is not much, and that's the reason Mazda should fit it as standard — everyone else does.

Driving the 323 estate bought back memories of the test NBR conducted on the 323 hatchback in November 1977. The 323 was easy to manoeuvre then and still is now.

Mazda has redesigned the motor around a 1415cc unit, of which the current 1272cc is a derivative. It claims the 1400cc version is more economical, but this will not be proved in New Zealand due to our inflexible sales tax structure.


The test car (which had just been returned from the panel beaters) had only 14 kilometres on the speedo, so any comment on the motor would be premature.

The level of engine noise suppression was good for a car of this size. This, coupled with good areo dynamics and low road noise, made for quiet driving.

The seats are comfortable and driver's visibility good. Interior passenger room is generous. Mazda, in its press kits, provides figures for total leg room available for front and rear passengers which show that the 323 has more room than other cars like Sigma and Cortina.

The 808 has proved popular as a fleet vehicle, and if load space is any consideration, the 323 will have no problems when the time comes for replacements.

Interior load space for the 323 is greater than for the 808, even allowing for the 10mm lower roof.

When the estate was designed, Mazda engineers removed the rear door hinges from the door aperture by incorporating them into the visually distinctive rear spoiler.

Hidden rear door hinges have their merits, but it is not a feature that will mean the choice of a 323 over a Corolla. What is does show is the approach Mazda Japan has taken in designing its package.

All these minor points improve the car, and the consumer will be able to weigh these factors against the competition.

The 808 wagon accounted for 55 per cent of all 808 sales in New Zealand (around 4000 units). The 323 probably won't acheive the same penetration, as the hatchback version undoubtedly attracted some would-be estate purchasers. Recent minor changes to the 323 include practical rubber bumper corners and small chrome trims on the exposed wheel rims.

Interior trim is attractive and simple; dash layout is simple too, but incorporates all necessary instruments and controls. Styling is distinctive. Following these lines in April will be the 929 replacement, the 626.

The 323 takes off from where the 808 left off. Improvements in the latest model keep the 808 alive in a form that will survive for the next few years. Roll on Mazda 747.

MAZDA 323 ESTATE . . . competitive


LETTERS

## Economic strategy

THE latest publication of the Planning Council on "Economic Strategy" is a thinly disguised effort to gain public acceptance of intolerable burdens in the so-called "national interest". Trade unions once again appear as major bogeymen, while smiling foreign investors, unemployment-creating industry "rationalisers", and expenditure - cutting Government ministers are shown as the goodies.

In fact, the "strategy" stripped of waffle and generality is pretty stark and familiar: remove price controls; increase foreign investment; hold back wage movements; reduce Government expenditure; increase farm profits; increase company profits in the export sector; remove import controls; increase Government charges; promote competition.

Each of these avenues has been tried in the last few years, with conspicuous lack of success — can one really believe that together and intensified they are a recipe for anything but disaster?

Certainly the organised work force will look askance at such proposals — they form a real threat to workers' interests in both the short and the long term. It is useful to examine the policy ideas listed above.

**Remove price controls:** The virtual removal of price controls is a proposal which ignores the inbuilt tendency of much of the New Zealand economy to price increase. Certainly a change to price policy is necessary, but this must be in the direction of more stringent, if selective, control. One aspect of particular concern is the secret nature of price control decisions. For example the Department of Trade and Industry is currently considering an application for higher margins on fruit and vegetables, with absolutely no public scrutiny.

**Increase foreign investment:** Proposals of this kind are what has made South Korea, Hong Kong and Singapore such attractive places — to other foreign investors at least. In fact already crucial areas of finance and production are overseas controlled, and this fact is placing constraints on our ability as a nation to determine our economic future.

The fact that we are short of investment resources will not be solved by this avenue, as recent gains in trade balances have already been wiped out by "invisibles" in which payments for interest and investment income to overseas owners showed the greatest leaps.

**Hold back wage movements:** Wage control forms the central point of the strategy. The new proposal to use the Arbitration Court to exercise control would discredit that body more quickly than its 1968 nil wage order decision. The council repeats the common illusion that award wage increases have duplicated the general wage order, with no evidence to support its claim.

Certainly unions will not accept increasing control in an environment in which everything but wages is to be de-controlled. The only basis for any social contract would be prior moves on the whole range of living standards issues affecting workers. Increasingly workers are looking to their unions and to direct action to protect their position in the face of incompetent Government policy making. Certainly the council's naive hope that "We" may "enjoy(!) a period of stability in pay rates" reflects its distance from working people.

**Reduce Government expenditure:** This plea is a rather forlorn one, as the scope for such reduction is relatively small. Government faces a fiscal crisis which such moves can only postpone. Exactly who will bear the burden of such reductions is shown by the fact that the council also proposes increasing support to the business community.

**Increasing farm profits:** The concept that increasing the return to farming will in some way boost export volumes should by now have been proven wrong often enough. Market problems are a very real restriction, and the debt burden on farmers is the real internal problem. Too many farmers are farming for capital increment, not production, and raising farm incomes will not solve that problem.

**Increase company profits in the export sector:** It really is amazing how much support the strong vigorous private sector seems to need. Exactly how much more profit does there have to be in exporting? If such a profit increase is to be gained at the expense of wages, who will control the profits? It is, in any event, by no means self evident that "hot house" exporting has any lasting benefit as the history of the clothing industry illustrates. What is needed is selective and controlled development of export production.

**Remove import controls:** This has been a longstanding proposal of many theorists, and certainly the exact costs and benefits of particular forms and levels of control should be considered. The means of achieving this, however, must be towards selective control rather than tariff manipulation with a trend to free trade as the council appears to propose. To do anything else would not only destroy business confidence but contribute to further unemployment.

**Increase Government charges:** The implied threat in the report that Government charges remain too low is further cause for concern. Changes in such charges have weighed heavily on working families, and further impositions in this area would quickly wipe out the minor wage and tax gains of 1978.

**Promote competition:** All these things however fit in with the brave new world of open competition promised by the council. In reality the unleashing of competitive forces is the thing which a small, dependent economy such as New Zealand's can least afford. Licensing and regulation arose in nearly all instances to promote stability and employment. Certainly the effort to maintain private ownership but under tight regulations is frustrating for businessmen and may even restrict growth. The answer to that, however, is to centralise control of resources.

Perhaps it is unpalatable to the Planning Council, but wage earners are seeking alternative strategies which promote their welfare, not use them as pawns in an academic game.

Rob Campbell,
Industrial Officer,
Combined Unions
National Servicing Office.

## Retail advertising

IN your issue of January 31, you discussed retail advertising. This matter has intrigued me for a long time and your columns could well provide the answers to the following questions:

(i) Is there "wholesale" advertising as well as "retail" advertising;

(ii) If Woolworths is classified as retail, is banking, insurance, Wattles, also classified as retail, because I see no difference in an advertisement telling me — "Woolworths", "Look for our sign," and "AMP for all insurance";

(iii) Is an advertising agency an agent of the newspaper or an agent of the advertiser;

(iv) Do the newspapers encourage advertising agencies to sell their space or do they prefer to use their own sales teams;

(v) Have the newspapers ever thought of having the one rate for all advertisers, and allow the agencies a discount for their efforts.

The answers to these questions and any general discussion that develops will be of interest to a wide section of your readers.

J E Walker,
Gisborne.

## Bridging the gap

I READ with some interest the article by Spiro Zavos, "Time to bridge Aust-NZ information gap", and agree with him that we are sadly lacking in information about Australia and that the Australians are in the same boat as we are where New Zealand news is concerned.

He states that Ian Templeton has a regular article in the Bulletin, but he didn't say that usually that is all one reads about New Zealand in that publication except when we "sight" UFOs, and then our news item was thrashed by them.

Perhaps if we had an exchange of up-to-the-minute daily papers with Sydney we would at least be a little more informed — after all, our DC10s are in and out of Sydney every day, and yet if one wishes to buy the Sydney Morning Herald (away from the airport) it is usually 10 days old and costs at least $1 per copy.

I disagree with Zavos that there is still friction between Aussies and Kiwis on a personal basis. This hasn't been so for 10 years or more.

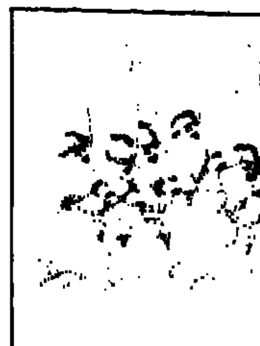
James H Bridges,
Takapuna.





# New GLO commissioner: No 1 at age of 36

by John Sloan



PROFILE

THE new commissioner of the Government Life Insurance Office is Hutton Peacock, a 36 year old actuary who takes over the helm of an organisation which has assets approaching $500 million and annual income of about $80 million.

Peacock's life insurance experience has been almost exclusively on the actuarial side. And over the past five years he has been actively involved with both Government superannuation plans, as a member of both the National and Labour Governments' superannuation committees.

He envisages the continuing expansion of superannuation business, but with more emphasis on pension schemes rather than lump sums.

He also predicts an increase in term insurance at the expense of permanent cover.

Another trend which the GLO will follow is the underwriting of special life insurance package deals organised, for example, by industry groups or banks.

Peacock considers that new policies offered by smaller offices are often "gimmicky", and it was best for people to deal with the big companies which have the track record.

But he conceded that some small life offices had attractive, specialised policies and their innovation kept larger offices on their toes.

"In life insurance, protection of the individual and-or their family is paramount," said Peacock.

He admitted that the life office investment yields, in isolation, do not always compare favourably with other avenues, but pointed out that life insurance is a composite package of protection plus investment.

He considers that "once inflation is under control (if it ever will be), life insurance will become a more attractive investment".

On the question of life insurance brokers, Peacock is guarded. He does not see the major life offices accepting them "in the near future".

GLO enjoys privileged access to all Government departments, which effectively denies other offices the right to systematically canvass existing or new employees.

Peacock dismisses criticism of this privilege as "jealousy" and counters that all Government employees are free "to shop around" and all Government departments are permitted to make premium pay deductions to any life office.

Peacock was quick to point out that the GLO did not have a major dependence on the Government departments for business: "The GLO has a wide spread of business which indicates we are competitive and offer policies and service comparable to other life offices."

Peacock intends to "make haste slowly" in his new position but wants to maintain and improve on GLO's market share; improving efficiency and service to clients is another aim.

HUTTON PEACOCK . . . predicts term insurance increase

The GLO has had problems: the report of the Government Audit Office for the year ended December 31, 1977 commented: "Due to arrears in accounting procedures, it was necessary to increase substantially, beyond what would normally be necessary, the number of examinations and tests... All the information and explanations required have been obtained, except that the asset, premiums outstanding, could not be verified with the client's records to the extent of $1,939,587, due to delays in the processing of transactions within the organisation."

Peacock said that these problems were being overcome.

The fact that he is number one at the age of 36 does not, in Peacock's view, restrict opportunities for other young people in the GLO. "We are a large organisation and will be expanding; there will always be room for people with ability and potential," he said.

As commissioner for one of the major financial institutions in New Zealand Peacock's time is heavily committed. But he finds time to follow "all sports" and devotes as much time to his family (four school-age children) and trying to maintain his golf handicap (currently five) as possible.

# Warning against cut-price cartage

A MARINE insurance executive has warned New Zealand exporters against using cheap freighting.

Jim Laird, chairman of the executive sub-committee of the Marine Insurance Council, was one of the two New Zealand representatives at the International Union of Marine Insurance annual meeting in Vienna.

He notes that, since the beginning of 1977, more than 50 vessels have failed to deliver their cargoes as a result of the activities of what have been described as villainous forwarding agents, shipowners and charterers.

"Despite the best intentions of the insurance industry there are still fly by nighters around, and New Zealand traders should be aware that this situation does exist and show commercial responsibility. It could happen here," Laird said.

"Exporters wanting to charter whole ships should thoroughly check the integrity of the shipowner and-or parties involved, particularly if they find themselves being lured by cheap freight.

"This is very necessary if they wish to avoid being involved with insolvent shipowners-charterers or non-delivery of their cargoes."

# NBR BUSINESS WEEK

## Agriculture Ministry enters ecconomic debate

by Peter V O'Brien

THE Ministry of Agriculture and Fisheries has joined the economic debate with the publication of the 1978 economic review of New Zealand agriculture. The Ministry's economics division prepares the review each year, so it can be taken as an expression of opinion from a force which occupies a powerful place in the administration.

The introductory sections discuss "Prognosis: The Problem Reviewed" and "Suggested Solutions: The Role of Institutional Factors". The conclusion of the latter chapter sets out the general stance of the whole review. "To stimulate agricultural growth, greater resources must be channelled into the rural sector and the farmer's economic position in relation to other groups in the community must be improved. Moves to attain these goals have wideranging importance for all aspects of economic and social policy. They imply that farmers, as the main contributors to earning overseas income, occupy a special place in the economy. In terms of net worth, i e the value of their assets, they may already be in this position. However, the argument is that their share of aggregate private income should be restored to a proportion closer to what it was in the mid 1960s. If this implies acceptance of farmers as a privileged group that is the price the community may have to pay for economic growth and a richer life style. Nearly 50 years ago the Atmore report on education popularised the phrase, 'the farmer is the backbone of the country'. An appropriate present-day metaphor may be harder to express, but the fundamental meaning will be little different."

A counter argument in the economic debate might suggest that the special place farming occupies in New Zealand is precisely the reason why the country should reduce its reliance on that sector, while not cutting back on the resources available to it.

The Ministry rightly says that a 5 per cent increase in receipts for lamb would bring in at least $15 million and an increase of the same order for wool about $30 million. Over the longer term "a 5 per cent improvement in lambing percentages would provide about 2 million more lambs and their FOB value, would, in terms of 1977-78 prices, be at least $40 million".

By comparison, the Ministry says that the emphasis on diversification into horticulture must be seen in perspective. "In 1977-78 horticultural exports were valued at just over $40 million, more than double what they were four years before." The lamb-wool development therefore would make a greater contribution to export revenue.

But the review is not solely concerned with a straightout reallocation of private income to the farmers. It raises five issues to be debated, which, if resolved would probably increase total private income, as well as the farmers' share. Those issues are:

- How much do stoppages in meat-processing plants affect farmers' planning?
- What degree of further processing is justified?
- What improvements can be made in the processing and transport sectors?
- What are the market possibilities not yet fully developed or exploited?
- What conservative attitudes and tradition-bound institutions stand in the way of more efficient resource use?

Examination of the processing and transport sectors raises the current hot question of licensing in the meat industry. "A clearer view is needed for the optimum size of unit, ideal location, and appropriate degree of product specialisation, in the light of the needs of appropriate markets. Presumably, the abolition of licensing of meat export works, which has existed in some form or another since the end of World War I, would allow these issues to be settled ultimately by market forces.

"Licensing was introduced originally to prevent New Zealand works falling under the control of the Chicago 'meat trust'. Subsequently, the underlying reasons have changed; it now seems that the principal consideration is maintenance of a throughput at existing works to ensure a reasonable or modest return on capital. If stock were diverted to new plants (assuming no growth in stock numbers), overhead costs would be spread over a smaller throughput and overall profitability might be impaired. However cogent this argument may appear, it is based on an acceptance of the status quo with all the long-term risks that this implies. The capital cost involved in establishing a meat export works for sheep and cattle is so great that any rationalisation under free competition may take a long time. But if more information were available on the economics of scale, those contemplating investment in this field might be more venturesome. At least they should not be frustrated by restrictive regulations."

While the Ministry takes no sides in that statement, it is a useful contribution to the licensing sub-debate of the economic debate.

Statements from Borthwick's chairman Dr Bullen, and a subsequent tedious statement from the Freezing Companies Association to comments of this writer "in another place" (New Zealand Herald) have done nothing more than show that the industry is "running scared" at the thought that its present cosy arrangements of valuable pieces of paper (licences) and an inquiry system which is organised in its favour, could be upset.





## Monetary policy and the NZ financial system

by Peter V O'Brien

NBR REVIEW OF BOOKS

THE current debate on the structure and direction of the New Zealand economy has examined the role of the formal elected Government and the departments which service administration. It has also touched on the question of effective (as opposed to final determination by politicians) policymaking in those departments.

Throughout the debate, the place of the Reserve Bank has received only a limited discussion. There could be several reasons why the debate (even the attack) has taken this direction.

The bank is seen in some quarters as an island of sanity in an ocean of muddlement and indecision. It is market oriented through the nature of its functions, and therefore is constantly dealing with the practicalities of the financial system and with those who must make daily decisions within the system. To that extent, it operates closer to the market than Government departments.

The forword and preface to the bank's recent publication, **Monetary Policy and the New Zealand Financial System**, explain its position in the country's administration and how the functions are carried out.

"The Reserve Bank is responsible, amongst other things, for the general oversight of the financial system and the implementation of monetary policy in New Zealand. In carrying out these functions, we have always realised the need to explain in a reasonably straightforward way the Bank's view on both monetary policy and the operations of the financial institutions. The Bank regularly publishes a range of material directed to this end, including an Annual Report, a monthly Bulletin and occasional Research Papers.

"As is the case with the Bank's Bulletin, most of the chapters in this volume are addressed to a relatively broad audience, including the interested layman, students and teachers at schools, technical colleges and universities, and others interested in the functioning of the financial system.

"(the book) deals with matters specifically related to the New Zealand situation; New Zealand financial institutions, the services they provide and how they operate; the functioning of the domestic financial system as an entity, and its relationship to the broader economy; and the role of monetary policy, its objectives, instruments, and operational characteristics."

Consequently, this volume will provide no new information for the professional monetary economist. (Even the econometric research has been limited to one paper; those interested can obtain the specific econometric papers from the bank.)

It does provide an invaluable reference source and explanatory text for the "interested layman", particularly for businessmen who may be outside the daily technical workings of the system, but who are nevertheless vitally affected by its structure, and by the effect of changes to monetary policy.

The papers are presented in four parts: The Financial Institutions; Understanding the Monetary System; Monetary Policy; Some Special Topics. Interested readers will select for themselves which part is most important. In view of the sweeping, and even dramatic, changes made to policy in the last three years, the section on monetary policy, particularly the paper on interest rate policy might prove most rewarding for businessmen who are trying to fund enterprises with what they consider is "expensive" money. But they would be advised to read the section Understanding the Monetary System before examining Monetary Policy.

Theory has been kept to a minimum. The bank says "the book does not deal with wider macroeconomic issues or with monetary theory in any depth. It has a strong and intentional institutional emphasis. It does not endeavour to promote a monetarist, a Keynesian or any other particular theoretical point of view." While professional economists might see that as a weakness, it is a strength to the general reader.

The Special Topics cover Sources of Housing Finance; Finance for Exports; Farm Income Stabilisation Schemes; Depositor Protection; and the Role of Money in the Reserve Bank's Econometric Model. A useful bibliography is included for further reading in specific subjects. In addition to explaining the present system and how it evolved, Monetary Policy and The New Zealand Financial System is a useful backgrounder to the wider debate on the future of the economy. That is a debate which affects all areas of industry and commerce. The book is therefore timely and should enjoy good sales, although not on the best selling list. Unlike the best sellers its relevance is more important to the future. It is also more likley to endure as a reference work to be re-read.

**Monetary Policy and the New Zealand Financial System, ed. R S Deane and P W E Nicholl, Wellington, pp. 353, Reserve Bank of New Zealand, $5.**

## Exchange rates

As at March 1, 1979 $1NZ is worth:

| | |
|---|---|
| Australia | .9337 |
| Britain | .5202 |
| Canada | 1.2556 |
| Fiji | .8688 |
| Japan | 211.13 |
| West Germany | 1.9320 |
| USA | 1.0510 |
| Austria | 14.18 |
| Belgium | 30.57 |
| China | 1.6325 |
| Denmark | 5.4117 |
| France | 4.4599 |
| Greece | 37.78 |
| Hong Kong | 5.0396 |
| India | 8.4530 |
| Italy | 878.22 |
| Malaysia | 2.2835 |
| Netherlands | 2.0914 |
| New Caledonia & Tahiti | 81.13 |
| Norwar | 5.3096 |
| Pakistan | 10.31 |
| Papua-New Guinea | — |
| Portugal | 49.78 |
| Singapore | 2.2616 |
| South Africa | .8830 |
| Spain | 72.24 |
| Sri Lanka | — |
| Sweden | 4.5748 |
| Switzerland | 1.7443 |
| Western Samoa | .7524 |

Selling rates supplied by CBA Bank.

## Key indicators

| | | Current Period | Previous Year | percentage Change |
|---|---|---|---|---|
| Consumers Price Index — all groups base Dec.1977 — 1000 | Dec. 78 | 1101 | 1001 | + 10.5 |
| Building Permits Issued | Nov.78 | $..107.4m | $ .102.1m | + 5.00 |
| | Nov.78 yr. | $ 1054.6m | $.1182.1m | - 11.00 |
| Official Overseas Reserves | Dec.78 | $..881.7m | $..881.6m | + .002 |
| Registered Unemployed — incl. those on special work schemes | Dec.78 | 53,750 | 24,482 | + 115.91 |
| NZUC Share Price Index | 1 Mar.79 | 320.93 | 297.17 | + 7.75 |
| Reserve Bank Share Price Index. | 28 Feb.79 | 1353 | 1252 | + 8.00 |

# New twist to Auckland-Wellington rivalry

by Peter V O'Brien

THE Auckland-Wellington argument has taken a new twist, with the Development Finance Corporation's statement that Wellington ranks as a lower priority than the northern city for hotel funds assistance.

The DFC recently moved into the provision of loan finance for hotel facilities, and the Wellington Chamber of Commerce has taken issue with the corporation's priority.

The Tourist and Publicity Department last week issued statistical information, which, on its face, supports the Auckland case.

New Zealand Accommodation Inventory and Room Occupancy Rates is an annual publication analysing room occupancy rates in various cities and resorts, excluding motels.

The latest figures relate to the year ended March 1978. They show that the annual room occupancy rate in Auckland was 78.6 per cent, while in Wellington it was 63.6 per cent. Auckland's rates since 1974 have been 74.4 per cent, 75.6, 74.9 and 78.6 per cent. In Wellington, the figures went from 67.5 per cent in 1974 to 70.1 per cent, 67.6 per cent and 63.6 per cent.

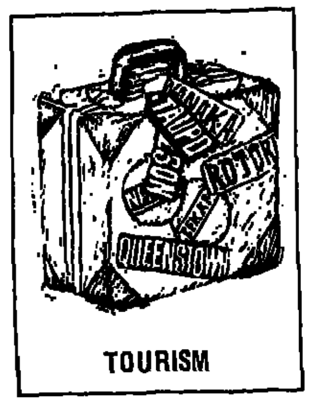
Unfortunately, the statistics could create as many arguments as they solve. It might be argued that Wellington's lower percentage is the result of fewer rooms being available, thus making conference organisations bypass the capital, resulting in a lower occupancy rate. (Auckland had 540,868 "room nights" available in 1977-78, while Wellington had 417,195.)

Wellington would also have lower occupancy rates at weekends, being a city to which people come mainly on business. For example, if a room is occupied five nights of the week, and empty on the weekend, the occupancy rate is 71.4 per cent. The rate rises to 85.7 per cent if the room is occupied for one night on the weekend.

There is certainly a bottleneck in Wellington hotel accommodation between Monday and Thursday, tailing off on Friday. The growing habit of people arriving on Sunday night preparatory for business on Monday is improving the rate on Sunday, but is insufficient to offset the "dead" weekend.

The bare statistics could also be misleading, in that they include all varieties of hotels, and it is clear that Auckland has more "first class" rooms than Wellington. On the other hand, tour parties enter the country through Auckland, and the overall higher occupancy rate puts pressure on facilities in the north.

While the Auckland-Wellington argument goes on, the hotelier is concerned with an even spread of occupancy. The figures show that hotel operators can have greater headaches in other parts of the country.




TOURISM

In the Bay of Islands, room occupancy hits 93.2 per cent in January, and 86.1 per cent in February (admittedly from a survey of only four hotels), but fades to 22.2 per cent in August. The annual rate comes out at 65.5 per cent. There is consequently a "shortage", but only at special times of the year. Auckland peaks at 89.4 per cent in November, probably as the major tourist inflow starts, but is never below 67.4 per cent in any month.

Down in Greymouth (five hotels) they reach the high figure of 82.5 per cent in January, and 96.5 per cent in the first seven days of the calendar year. It may be wondered what people are doing in Greymouth in the first week of January, apart from the general "New Zealander on holiday" answer, but the period coincides with the West Coast racing circuit, the likes of which there is no other in the country.

While room occupancy tells only part of the story, it is more satisfactory than the "bed night" analysis.

The latter brings in complications, due to the varied and wonderful ways of putting more people in rooms, which can depend on the ingenuity of the hotel operator, particularly when dealing with young people.

While older people may jib at the "three in a room" approach, anyone staying in certain resort hotels during the summer knows it is common to increase the occupancy rate in this manner, while the twin room next door has one occupant.

The department makes an indirect reference to this by saying: "Previous attempts to assess the availability of beds has led to inconsistencies in interpretation and to fluctuations because of frequent alteration in some hotels in the number of beds per room."

As a working document, the department's figures are important to the tourist industry. They illustrate the problem of even occupancy throughout the year, a problem which is crucial to plans to build the additional hotel rooms considered necessary to cater for tourist growth.





# PERFORMANCE PRECIS

## J E WATSON & CO. LTD

THE Invercargill-based stock and station company emphasised the new buoyancy in the sector with a massive profit increase for the first six months of 1978-79. Group profit went from $75,000 to $142,000, suggesting that the company should perform well in the full year.

Figures for the first six months in a stock and station group should be treated cautiously, because the companies earn most of their profit in the period from January to June. (The result from Challenge Corporation was unavailable when these notes were prepared. They will be published now, and should show a similar trend, but again with a lopsided division between first and second half profits.)

In the full year to June 30, 1978, Watson earned $482,090, so the company has to earn $340,000 in the rest of this year to match that performance. With the true caution of Southlanders, the directors said in the interim report that "predictions for the ensuing six months indicate that profit should be at least comparable with that of the last financial year". They also said that the first six months traditionally account for about only 15 per cent of the total. Assuming the current performance continues, that suggests a final


profit in the region of $945,000, which would represent an extraordinary rate on capital and on shareholders' funds.

## THE DIC LTD

THE company produced further confirmation (backed up by a solid improvement in retail trade statistics for the December quarter) that the retail sector is enjoying a boom, even if it does turn out to the shortlived.

Group profit for the six months to January 1979 moved up to $364,000. Although this is an improvement of 92 per cent over the corresponding period of the previous year, the first half of 1978 was disastrous for retailers, and particularly for the DIC.

The figures come into perspective when viewed in relation to the result for the January half of 1976-77. Profit was then in the region of $355,000, so the latest figures, discounted for price inflation over the period, are modest.

The directors seem to be confident that the full year will produce a good return, because they are paying a maiden interim dividend of 7 per cent.

The share price is ahead of the market this year, going from $1.35 to last week's level of $1.50. If there were an earning rate in the region of 30 per cent for the full year, the price-earnings multiple would be 5 at $1.50, a multiple in line with the market.

## MSI CORPORATION LTD

THE Auckland-based target for Ceramco's takeover bid pushed first-half profit up 13 per cent to $1.1 million, and paid an interim dividend of 10 per cent (5 cents a share). This dividend is paid from tax free reserves, and is 1.5 per cent above the 8.5 per cent paid in respect of the previous year's first six months.

The share price may benefit from a strong bull recommendation issued last week from the Auckland broking house, Jordan Sandman Smythe & Co.

Jordan Sandman advised clients that the dividend yield was 9.6 per cent at $1.05, and that the company had the capacity to pay dividends from tax free reserves for another two years.

On the brokers' projections, the company was expected to earn $2.9 million for the full year, giving an earning rate of 23.5 cents a share, and a prospective price-earnings multiple of 4.4 "well below the market average".

## MONTANA WINES LTD

MONTANA'S interim profit of $2,093,000 surprised the market, in spite of strong support for the shares since January. The price opened 1979 at $1.10, and moved to $1.18 before the announcement. They immediately jumped 8 cents, and were selling last week at $1.27.

The interim dividend was declared at 2 cents (4 per cent a share), which suggests a total payment reasonably in excess of last year's 3.75 cents (7.5 per cent).

The first-half figures are already above the total earned in 1978, and show that the company has "come right", after many problems in obtaining an appropriate return on a high investment.

The cost of installing the facilities necessary for quality wine production in quantity, while waiting for sufficient juice, caused the group problems, but they now appear to be in the past.

The future for Montana looks good, given the steady increase in wine consumption, and the equally steady move to quality table wines, the company's specialty.

The current question is whether the wine companies can maintain their impetus to warrant a further increment in their share prices. Since the wine business depends on many variables, particularly weather at all stages of the year, it might be best to wait for the full-year result before pushing the price much past $1.35.















# NBR SHAREMARKET SURVEY

## WEEK ENDING MARCH 1, 1979

| 1979 High | 1979 Low | Company | Last Sale | Week's High | Week's Low | Dividend % | Reported Turnover | Dividend Yield | P-E Ratio |
|---|---|---|---|---|---|---|---|---|---|
| 100 | 100 | AIRWORK,50C | 100 | 100 | 100 | 12.0 | 300 | 6.0 | 3.1 |
| 190 | 190 | AJAX G.K.N. | 190 | 190 | 190 | 13.0 | 5200 | 6.8 | 4.1 |
| 95 | 90 | A.J.WHITE | 95 | 95 | 95 | 11.5 | 400 | 12.1 | 4.5 |
| 140 | 115 | ALCAN,50C | 138 | 140 | 138 | 20.0 | 900 | 7.2 | 4.7 |
| 255 | 242 | A.H.I. | 243 | 245 | 242 | 14.0 | 9400 | 5.8 | 4.1 |
| 75 | 72 | ALLIANCE,50C | 75 | 75 | 74 | 13.0 | 8000 | 8.7 | 4.5 |
| 245 | 230 | ALLIED FARMERS | 245 | 245 | 245 | 14.0 | 900 | 5.7 | 6.1 |
| 130 | 125 | ALLIED PRESS | 125 | 125 | 125 | 10.5 | 1600 | .0 | 4.9 |
| 220 | 220 | ALLOY STEEL | 220 | ... | ... | 12.0 | 0 | 5.5 | 8.7 |
| | | AMALG.BATTS | 140 | ... | ... | 13.5 | 0 | 8.4 | 6.4 |
| 212 | 190 | A.M.BISLEY, 50C | 190 | 190 | 190 | 20.0 | 2400 | 5.3 | 3.2 |
| 93 | 86 | AMPOL PET.,50C | 93 | 93 | 93 | 11.0 | 100 | 5.9 | 14.5 |
| 128 | 125 | A.BEAVEN | 125 | 125 | 125 | 12.0 | 13900 | 9.6 | 3.0 |
| 125 | 120 | A SPRINGHALL, | 120 | ... | ... | 14.0 | 0 | 11.7 | 2.6 |
| 260 | 260 | A.WRIGHT | 260 | ... | ... | 17.0 | 0 | 6.5 | 3.1 |
| 200 | 128 | A.BARNETT | 200 | 200 | 192 | 14.0 | 600 | 7.0 | 3.5 |
| 128 | 125 | A.ELLIS | 128 | 128 | 128 | 11.0 | 700 | 8.6 | 3.4 |
| 330 | 305 | ARTHUR YATES | 305 | 310 | 305 | 17.0 | 1300 | 5.6 | 5.4 |
| 315 | 175 | ASHBY BERGH | 315 | ... | ... | 22.5 | 0 | 7.1 | 3.9 |
| 208 | 198 | A.S.PATERSON | 208 | 208 | 208 | 15.0 | 300 | 7.2 | 7.0 |
| 175 | 175 | A.B.CABLES | 175 | 175 | 175 | 16.5 | 100 | 9.4 | 4.3 |
| 51 | 49 | ATLAS, 50C | 50 | 51 | 50 | 17.5 | 22700 | 17.5 | 2.7 |
| 330 | 310 | AUCK.GAS | 330 | 330 | 330 | 12.5 | 300 | 3.8 | 14.3 |
| | | AUCK. INTERCON. PROP | 110 | ... | ... | 5.0 | 0 | 4.5 | 23.9 |
| 228 | 210 | AURORA,50C | 220 | ... | ... | 14.0 | 0 | 3.2 | 10.9 |
| | | A.C.I. | 198 | ... | ... | 9.0 | 0 | 4.5 | 7.0 |
| 90 | 80 | AUTOCRAT HOLDS | 80 | 82 | 80 | 17.5 | 1000 | 21.9 | 2.3 |
| 90 | 50 | BAILLIE,50C | 52 | 52 | 52 | 10.0 | 1300 | 9.6 | 6.3 |
| 78 | 74 | BALLINS,50C | 76 | 76 | 75 | 12.5 | 8360 | 8.2 | 6.1 |
| 425 | 413 | BANK. N.S.W.,$2 | 420 | 420 | 420 | 15.0 | 3700 | 7.1 | 6.1 |
| 82 | 66 | BEACH PETR.,50C | 66 | 66 | 66 | ... | 10000 | ... | ... |
| 78 | 68 | BING HARRIS, 50C | 68 | 70 | 68 | 12.5 | 4700 | 9.2 | 4.9 |
| 180 | 165 | B.N.Z. FINANCE | 180 | 180 | 180 | 12.5 | 3700 | 6.9 | 8.5 |
| 45 | 42 | BRAMBLES BURNETT,50C | 45 | 45 | 42 | 12.0 | 30500 | 13.3 | 3.4 |
| 52 | 52 | BRIDGEVALE,50C | 52 | ... | ... | 6.0 | 0 | 5.8 | 4.5 |
| 250 | 201 | BRIERLEY, 50C | 202 | 210 | 201 | 28.0 | 15400 | 6.9 | 3.8 |
| 77 | 70 | BOS, 50C | 70 | 70 | 70 | 14.0 | 300 | 11.4 | 5.3 |
| | | BRIT.PAVEMENTS | 200 | ... | ... | 7.0 | 0 | 3.5 | 6.0 |
| 64 | 59 | BROADLANDS,50C | 59 | 61 | 59 | 14.0 | 21000 | 11.9 | 4.1 |
| 1750 | 1120 | B.H.P.,$2 | 1250 | 1250 | 1250 | 17.0 | 5740 | 2.7 | 26.8 |
| 95 | 95 | BROTHER, 50C | 95 | 95 | 95 | 20.0 | 2200 | 10.5 | 3.7 |
| 65 | 60 | BUNTING,50C | 62 | 62 | 60 | 11.0 | 6800 | 8.9 | 5.6 |
| 159 | 150 | BURKES CAT.,50C | 158 | 158 | 158 | 22.5 | 700 | 7.1 | 5.3 |
| 148 | 142 | C.B.D. | 145 | 148 | 145 | 14.0 | 7700 | 9.7 | 5.4 |
| 180 | 180 | C.F.C.A. | 180 | ... | ... | 15.0 | 0 | 8.3 | 5.0 |
| 165 | 130 | C.F.M. | 165 | 165 | 165 | 13.5 | 1600 | 8.2 | 2.9 |
| 150 | 145 | CANT.FLOUR | 165 | ... | ... | 15.0 | 0 | 10.3 | 1.9 |
| 160 | 140 | CANT.TIMBER | 141 | 145 | 140 | ... | 14600 | ... | ... |
| 185 | 140 | CAPITAL RADIO,50C | 160 | 160 | 160 | ... | 800 | ... | 23.5 |
| 58 | 53 | CAPITAL LIFE,50C | 53 | 53 | 53 | 10.0 | 1100 | 9.4 | 7.3 |
| | | CARBONIC ICE | 206 | ... | ... | 14.0 | 0 | 6.8 | 6.9 |
| 225 | 210 | CARTER HOLT | 210 | 215 | 210 | 15.0 | 4800 | 7.1 | 4.1 |
| 188 | 155 | CERAMCO | 183 | 183 | 179 | 14.0 | 20000 | 7.7 | 5.2 |
| 192 | 180 | CHALLENGE | 192 | 192 | 187 | 12.5 | 21000 | 6.5 | 4.0 |
| 98 | 85 | CHENERY | 95 | 95 | 95 | 10.0 | 700 | 10.5 | 3.4 |
| 115 | 115 | CHCH.GAS | 115 | 115 | 115 | 7.5 | 400 | 6.5 | 6.1 |
| 220 | 220 | CHCH PRESS | 270 | ... | ... | 14.0 | 0 | 6.4 | 5.7 |
| 32 | 25 | CITY REALTIES,10C | 32 | 32 | 32 | 13.0 | 200 | 4.1 | 5.1 |
| 99 | 80 | CLASSIC FASHIONS,50C | 99 | 99 | 99 | 15.0 | 200 | 7.6 | 3.4 |
| 95 | 90 | CLYDE ENG. | 93 | 93 | 93 | 12.0 | 100 | 12.9 | 3.6 |
| 155 | 148 | COL.MOTOR | 155 | ... | ... | 11.0 | 0 | 7.1 | 4.4 |
| 130 | 122 | COLYER WATSON | 127 | 127 | 126 | ... | 5600 | ... | ... |
| 325 | 210 | COMALCO,50C | 310 | 310 | 310 | [illegible] | [illegible] | [illegible] | 37.0 |
| 140 | 120 | COMMAND | 120 | 120 | 120 | 12.5 | 400 | 5.2 | 2.7 |
| | | CON.BANK AUST | 370 | ... | ... | 16.0 | 0 | 5.0 | 11.1 |
| 170 | 140 | CON.METAL,50C | 170 | 170 | 150 | 16.0 | 30500 | 4.7 | 10.2 |
| 7 | 3 | CON.SILVER,20C | 4 | 5 | 4 | ... | 8000 | ... | ... |
| 250 | 160 | COOKS WINE | 230 | 230 | 222 | 5.0 | 11000 | 2.2 | 5.2 |
| 102 | 100 | CORY-WRIGHT | 100 | ... | ... | 11.0 | 0 | 11.0 | 3.4 |
| 242 | 225 | CROWN CONSOLIDATED | 240 | 242 | 228 | 15.0 | 18000 | 6.3 | 4.6 |
| 437 | 404 | C.S.R | 425 | ... | ... | 15.0 | 0 | 3.3 | 12.4 |
| 92 | 80 | CYCLONE,50C | 91 | 92 | 91 | 12.0 | 1500 | 6.6 | 5.3 |
| 210 | 195 | DALGETY(N.Z) | 200 | 203 | 195 | 12.5 | 77777 | 6.3 | 5.4 |
| 52 | 50 | DALHOFF & KING,50C | 51 | 51 | 50 | 12.0 | 2800 | 11.8 | 5.6 |
| 260 | 250 | DEANES | 260 | 260 | 260 | 12.0 | 500 | 4.6 | 6.2 |
| 150 | 140 | D.I.C | 150 | 150 | 150 | 14.5 | 2400 | 9.7 | 4.3 |
| 165 | 145 | DINGWALL & PAULGER | 165 | 165 | 165 | ... | 100 | ... | ... |
| 110 | 90 | D.MCL WALLACE,50C | 93 | 95 | 93 | 11.0 | 14500 | 5.9 | 2.9 |
| 75 | 75 | D.I.B.A | 75 | ... | ... | 8.5 | 0 | 11.3 | 9.3 |
| 96 | 92 | DOM.BREW.,50C | 92 | 93 | 92 | 17.0 | 30500 | 9.2 | 7.7 |
| 335 | 200 | DONAGHYS | 260 | 260 | 260 | 15.0 | 200 | 5.8 | 3.0 |
| 220 | 200 | DONALD REID OTAGO FARMER | 220 | 220 | 220 | 15.0 | 400 | 6.8 | 7.8 |
| 91 | 87 | D.M.G.,50C | 90 | 90 | 90 | 13.5 | 35700 | 7.5 | 6.1 |
| 200 | 200 | DUNLOP (AUST) | 200 | ... | ... | 10.0 | 0 | 5.0 | 14.1 |
| 210 | 200 | DUNLOP (NZ) | 208 | 208 | 208 | 20.0 | 700 | 9.6 | 4.0 |
| 102 | 102 | EBNETT | 102 | 102 | 102 | 12.0 | 2700 | 11.8 | 3.7 |
| 95 | 80 | EBOS,50C | 80 | 85 | 80 | 10.0 | 1500 | 6.3 | 6.2 |
| 138 | 123 | E L'STEIN,50C | 135 | 135 | 128 | 18.0 | 4300 | 6.7 | 5.6 |
| | | EMPEROR MINES,10C | 51 | ... | ... | ... | 0 | ... | 1.3 |
| | | EQUIT.BLDG | 107 | ... | ... | 12.5 | 0 | 11.7 | 8.8 |
| 200 | 185 | E.ADAMS | 200 | 200 | 200 | 12.0 | 800 | 6.0 | 7.1 |
| 110 | 104 | F.T.C.,50C | 108 | 108 | 107 | 15.0 | 20800 | 6.9 | 5.8 |
| | | F.WAIMAK,50C | 65 | ... | ... | 12.5 | 0 | 9.6 | 3.8 |
| 102 | 97 | FELTEX,50C | 100 | 100 | 97 | 16.5 | 84400 | 8.3 | 5.6 |
| 126 | 118 | FIRESTONE NZ | 126 | 126 | 125 | ... | 2500 | ... | ... |
| 290 | 205 | FIRTH | 206 | 207 | 205 | 16.0 | 8700 | 7.8 | 4.1 |
| 213 | 195 | FLETCHER | 203 | 206 | 198 | 18.0 | 36700 | 8.9 | 4.3 |
| 125 | 120 | FOUNTAIN CORP | 123 | 123 | 122 | 15.0 | 1300 | 12.2 | 4.1 |
| 100 | 93 | FREIGHTWAYS, 50C | 100 | 100 | 98 | 16.0 | 7300 | 8.0 | 4.5 |
| 130 | 125 | GEAR | 125 | 130 | 125 | ... | 2400 | ... | 2.6 |
| 143 | 133 | GEN.FINANCE | 135 | 135 | 135 | 12.0 | 1500 | 8.9 | 5.6 |
| 100 | 95 | G.COURT | 95 | ... | ... | 11.0 | 0 | 11.6 | 5.9 |
| | | GIANT | 78 | ... | ... | 5.6 | 0 | 7.2 | 2.9 |
| 275 | 272 | G.J.COLES,50C | 275 | ... | ... | 24.0 | 0 | 4.4 | 19.2 |
| 52 | 50 | GOLDEN BAY,50C | 50 | 51 | 50 | 12.0 | 12400 | 12.0 | 9.4 |
| 32 | 29 | GROSVENOR PROPS, 25C | 32 | 32 | 32 | 8.0 | 4000 | 6.3 | 13.9 |
| 240 | 185 | HALLENSTEIN | 230 | 235 | 230 | 16.0 | 4200 | 7.0 | 5.3 |
| 167 | 160 | HARLEY | 167 | ... | ... | 13.0 | 0 | 7.8 | 5.6 |
| 185 | 100 | HAURAKI ENTERPRISES | 120 | 120 | 110 | 30.0 | 13400 | .0 | 6.7 |
| 67 | 62 | HAWKINS,50C | 67 | 67 | 65 | 17.0 | 3100 | 12.7 | 3.1 |
| 90 | 75 | HAYWRIGHTS | 90 | 90 | 90 | 15.0 | 16300 | 16.7 | 7.0 |
| 187 | 161 | H.B. FARMERS | 185 | 185 | 185 | ... | 1100 | ... | ... |
| 275 | 265 | HEALING | 275 | 273 | 265 | 16.0 | 2700 | 5.8 | 8.7 |
| 158 | 142 | H.POLLARD | 148 | ... | ... | 12.5 | 0 | 8.4 | 5.8 |
| 320 | 205 | HENRY BERRY | 305 | 305 | 298 | 18.0 | 3300 | 5.9 | 8.5 |
| 250 | 230 | HODDER & TOLLEY | 250 | ... | ... | 17.0 | 0 | 6.8 | 4.2 |
| | | HOOKER,50C | 73 | ... | ... | 13.0 | 0 | 10.3 | 4.8 |
| | | I.C.I.(AUST) | 175 | ... | ... | 13.0 | 0 | 8.6 | 7.7 |
| 155 | 150 | I.C.I.(NZ) | 156 | 154 | 154 | 13.0 | 5700 | 8.4 | 17.1 |
| 205 | 190 | IND BROADCASTING | 200 | ... | ... | 11.0 | 0 | 5.5 | 8.3 |
| 129 | 123 | INDEPENDENT NEWS | 123 | 123 | 123 | 13.0 | 1100 | 10.6 | 4.7 |
| 150 | 145 | IND.CHEM,50C | 147 | 150 | 147 | 15.5 | 40800 | 5.3 | 2.7 |
| 122 | 118 | I.W.DOW,50C | 120 | 120 | 118 | 17.0 | 4900 | 7.1 | 3.8 |
| 185 | 175 | JAMES AVIATION | 185 | ... | ... | 13.8 | 0 | 7.5 | 2.9 |
| 92 | 85 | JAMES SMITH 50C | 92 | 92 | 92 | 16.0 | 600 | 8.7 | 8.0 |
| 235 | 215 | J.R. WATSON | 215 | 215 | 215 | 15.0 | 600 | 7.0 | 4.6 |
| 170 | 138 | J.BURNS | 170 | 170 | 168 | 12.5 | 12600 | 7.4 | 8.5 |
| 160 | 150 | JOHN EDMOND | 150 | 150 | 150 | 14.0 | 600 | 9.3 | 3.8 |

| 1979 High | 1979 Low | Company | Last Sale | Week's High | Week's Low | Dividend % | Reported Turnover | Dividend Yield | P-E Ratio |
|---|---|---|---|---|---|---|---|---|---|
| 65 | 55 | J.WEBSTER 50C | 65 | 65 | 65 | 16.0 | 600 | 12.3 | 6.1 |
| 125 | 125 | J.NATHAN | 125 | ... | ... | 16.0 | 0 | 12.8 | 3.8 |
| 170 | 170 | J.RATTRAY | 170 | 170 | 170 | 12.0 | 19200 | 7.1 | 5.2 |
| 210 | 210 | KEARNS-DATINA | 210 | 210 | 210 | ... | 200 | ... | 30.0 |
| 82 | 67 | L.W.RUDKIN,50C | 80 | 80 | 80 | 14.0 | 6500 | 8.8 | 3.3 |
| 50 | 45 | LANES,50C | 50 | 50 | 48 | 10.0 | 400 | 10.0 | 3.7 |
| 191 | 180 | L.D.NATHAN | 190 | 190 | 185 | 13.0 | 13300 | 6.8 | 5.2 |
| 88 | 85 | LEYLAND,50C | 85 | ... | ... | 12.5 | 0 | 7.4 | 5.9 |
| 75 | 71 | LION | 73 | 73 | 71 | 15.0 | 70400 | 10.3 | 6.6 |
| 23 | 18 | L.&M.OIL,50C | 19 | 19 | 18 | ... | 2500 | ... | ... |
| | | LUSTEROID | 70 | ... | ... | 17.0 | 0 | 24.3 | .8 |
| 115 | 112 | MAINZEAL CORP,50C | 115 | ... | ... | 15.0 | 0 | 6.5 | 4.5 |
| 175 | 17 | MAIR,50C | 165 | 165 | 165 | 25.0 | 600 | 7.6 | 3.9 |
| 110 | 100 | MANAWATU,50C | 105 | 105 | 105 | 16.0 | 100 | 7.6 | 4.4 |
| 160 | 155 | MANTHEL | 155 | 155 | 155 | 10.0 | 200 | 6.5 | 3.2 |
| 175 | 170 | MANAC | 175 | 175 | 175 | 15.0 | 400 | 8.6 | 5.7 |
| 140 | 130 | MCALPINE,50C | 140 | 140 | 140 | 16.0 | 400 | 5.7 | 4.0 |
| 160 | 145 | MCKECHNIE | 145 | 147 | 145 | 16.0 | 600 | 11.0 | 3.8 |
| 70 | 68 | MCKENZIES,50C | 69 | 70 | 69 | 11.0 | 1100 | 8.0 | 5.1 |
| | | MED.SUPPLIES | 235 | ... | ... | 12.5 | 0 | 5.3 | 3.4 |
| 150 | 125 | MIDLAND | 150 | 150 | 150 | 12.0 | 3900 | 8.0 | 4.4 |
| 15 | 12 | MIN.RESOURCES,20C | 12 | 12 | 12 | ... | 1400 | ... | ... |
| 60 | 55 | M.O'BRIEN,50C | 55 | 55 | 55 | 10.0 | 1300 | 9.1 | 1.7 |
| 130 | 115 | MONTANA,50C | 130 | 130 | 119 | 7.5 | 24200 | 2.9 | 34.2 |
| 170 | 130 | M-P.I.M. | 170 | 170 | 150 | 12.5 | 3200 | 7.4 | 7.2 |
| 236 | 125 | MOSGIEL | 132 | 135 | 125 | 13.0 | 7400 | 9.8 | 5.0 |
| 59 | 53 | MOTOR HOLDS.,50C | 55 | 55 | 55 | 15.0 | 19600 | 13.6 | 2.9 |
| 82 | 75 | MOTOR TRAD.,50C | 80 | 80 | 80 | 14.0 | 30500 | 8.8 | 4.9 |
| | | M.S.D.-SPIERS | 130 | ... | ... | 10.0 | 0 | 7.7 | 3.9 |
| 112 | 100 | MSI CORPN,50C | 110 | 112 | 103 | 16.0 | 81100 | 7.3 | 6.9 |
| 190 | 170 | MT.COOK | 190 | 190 | 190 | 13.0 | 5600 | 6.8 | 8.3 |
| 388 | 260 | M.I.M.HOLDS.,50C | 385 | 388 | 385 | 6.0 | 1400 | .8 | 34.7 |
| 188 | 178 | NAT.INSCE | 174 | 180 | 178 | 17.0 | 11200 | 9.8 | 2.4 |
| | | NAT.PICTURES,$2 | 172 | ... | ... | 5.5 | 0 | 6.4 | 15.1 |
| | | NAYLOR | 110 | ... | ... | 12.0 | 0 | 10.9 | 3.0 |
| | | NCF KAIAPOI | 115 | ... | ... | 4.0 | 0 | 3.5 | 4.1 |
| 57 | 51 | NEIL HOLDINGS, 50C | 52 | 53 | 52 | 12.0 | 6500 | 11.5 | 1.1 |
| 114 | 102 | N.Z.CEMENT | 102 | 102 | 102 | 12.5 | 7600 | 12.3 | 5.9 |
| 84 | 81 | N.Z.F.C.,50C | 83 | 84 | 83 | 13.0 | 13400 | 7.8 | 3.9 |
| 191 | 185 | N.Z.FARM FERT. | 191 | 191 | 185 | 13.0 | 13200 | 6.8 | 6.5 |
| 211 | 200 | N.Z.F.P. | 208 | 209 | 205 | 15.0 | 58000 | 7.2 | 5.5 |
| 310 | 295 | N.Z.I.G. | 295 | ... | ... | 14.0 | 0 | 4.7 | 12.8 |
| 248 | 232 | N.Z.I. | 235 | 235 | 232 | 20.0 | 13300 | 8.5 | 6.9 |
| 30 | 25 | N.Z.LAND,50C | 25 | ... | ... | 5.0 | 0 | 10.0 | 1.2 |
| 98 | 90 | N.Z.LEATHERS | 90 | ... | ... | ... | 0 | ... | ... |
| 102 | 102 | N.Z.MOTOR BODIES | 102 | ... | ... | 10.0 | 0 | 9.8 | 4.7 |
| 118 | 108 | N.Z.M.C | 111 | 111 | 110 | 12.0 | 6000 | 10.8 | 3.2 |
| 178 | 170 | N.Z.NEWS | 170 | 171 | 170 | 16.0 | 41100 | 9.4 | 5.2 |
| 200 | 142 | N.Z.PASTORAL | 200 | 200 | 200 | 10.0 | 3400 | 5.0 | 12.3 |
| 23 | 23 | N.Z.PETROL,50C | 23 | ... | ... | ... | 0 | ... | ... |
| 82 | 78 | N.Z.REFINING | 78 | 79 | 78 | 7.8 | 17800 | 10.0 | 2.5 |
| 180 | 165 | N.Z.STEEL | 166 | 167 | 165 | 11.0 | 13200 | 6.6 | 3.0 |
| 152 | 140 | NZTS,50C | 142 | 142 | 142 | 18.0 | 6100 | 6.3 | 6.4 |
| 325 | 325 | N.Z.UNITED | 325 | ... | ... | 20.0 | 0 | 6.2 | 7.9 |
| 102 | 100 | NIVEN INDUSTRIES | 100 | 100 | 100 | 6.0 | 3200 | 6.0 | 6.4 |
| 102 | 67 | NUHAKA | 100 | ... | ... | ... | 0 | ... | ... |
| 68 | 50 | ODLINS,50C | 58 | 61 | 57 | 13.0 | 56600 | 11.2 | 1.8 |
| 75 | 63 | OPTICAL HLDGS, 50C | 75 | 75 | 72 | 12.5 | 800 | 8.3 | 4.1 |
| 150 | 150 | PAVROC HOLDINGS | 150 | 150 | 150 | ... | 200 | ... | ... |
| 108 | 105 | P.D.L.HOLDS,50C | 105 | 108 | 105 | 13.0 | 1100 | 6.2 | 6.5 |
| 90 | 90 | PERM.INVEST | 90 | ... | ... | 11.5 | 0 | 12.8 | 6.0 |
| 106 | 104 | PHILLIPPS & IMPEY,50C | 106 | ... | ... | 15.0 | 0 | 7.1 | 4.9 |
| 95 | 95 | PRESTIGE,50C | 95 | ... | ... | 15.0 | 0 | 7.9 | 4.2 |
| 155 | 150 | PRINT & PACKAGING | 153 | 153 | 152 | 13.5 | 600 | 8.8 | 5.9 |
| 335 | 320 | PROGRESSIVE | 325 | 325 | 320 | 11.5 | 6800 | 3.5 | 5.5 |
| 170 | 165 | PROP.SECURITIES,50C | 168 | 168 | 168 | 25.0 | 2500 | 7.4 | 5.4 |
| 105 | 100 | PRUD.BUILDING | 105 | 105 | 105 | 13.0 | 900 | 12.4 | 4.6 |
| 125 | 86 | PYE ELECT.,50C | 87 | 88 | 87 | 13.0 | 1200 | 7.5 | 2.8 |
| 130 | 125 | QUILL MORRIS,50C | 130 | 130 | 130 | 14.5 | 100 | 5.6 | 5.4 |
| 305 | 305 | RADIO AVON,50C | 305 | ... | ... | 35.0 | 0 | 5.7 | 6.5 |
| 350 | 320 | RADIO OTAGO | 350 | ... | ... | 10.0 | 0 | 2.9 | 8.4 |
| 100 | 98 | REGINA | 100 | ... | ... | 11.0 | 0 | 11.0 | 4.5 |
| 217 | 100 | R & W HELLABY | 213 | 215 | 213 | 13.0 | 3500 | 6.1 | 4.9 |
| 100 | 75 | REPCO(NZ),50C | 77 | 77 | 75 | 12.0 | 900 | 7.8 | 3.9 |
| 3 | 3 | REPUBLIC PET.,50C | 3 | 3 | 3 | ... | 900 | ... | ... |
| 230 | 225 | REVERTEX | 230 | 230 | 230 | 14.0 | 200 | 6.1 | 4.3 |
| 240 | 230 | REX CONSOL. | 240 | 240 | 234 | 14.0 | 4200 | 5.8 | 7.3 |
| 210 | 200 | RHEEM,50C | 200 | 200 | 200 | 12.0 | 200 | 3.0 | 6.7 |
| | | RICKSTAN,50C | 89 | ... | ... | ... | 0 | ... | 10.7 |
| 103 | 97 | ROTHMANS,50C | 101 | 103 | 98 | 14.5 | 40900 | 7.2 | 5.8 |
| 260 | 260 | R.W.SAUNDERS | 260 | ... | ... | 12.0 | 0 | 4.6 | 3.4 |
| 240 | 225 | SALMOND | 240 | 240 | 240 | 14.0 | 2100 | 5.8 | 8.7 |
| 290 | 230 | SANFORD | 230 | ... | ... | 15.0 | 0 | 6.5 | 1.9 |
| 139 | 118 | SCHOFIELD | 118 | 118 | 118 | 9.0 | 300 | 7.6 | 5.6 |
| 59 | 55 | SCOTT,50C | 59 | ... | ... | 12.5 | 0 | 10.6 | 5.0 |
| | | SELBY | 275 | ... | ... | 15.0 | 0 | 5.5 | 8.6 |
| 265 | 225 | SKELLERUP,50C | 230 | 230 | 228 | 20.0 | 2400 | 4.3 | 3.1 |
| 115 | 112 | SMITH, BROWN,50C | 112 | 113 | 112 | 16.5 | 5000 | 7.4 | 8.1 |
| 185 | 175 | SMITH BIOLAB,50C | 175 | ... | ... | 15.0 | 0 | 4.3 | 7.8 |
| 135 | 130 | SMITHS C.M. | 135 | ... | ... | 12.0 | 0 | 8.9 | 3.4 |
| 313 | 292 | STH. BRITISH | 296 | 297 | 292 | 22.5 | 20600 | 7.6 | 5.2 |
| 205 | 109 | STHN. CROSS HOTEL | 110 | ... | ... | 9.0 | 0 | 8.2 | 7.3 |
| 77 | 7 | STHN CROSS MINS.,20C | 77 | 77 | 77 | ... | 1000 | ... | ... |
| 215 | 185 | S.F.M. | 190 | 190 | 190 | 15.0 | 1400 | 7.9 | 5.2 |
| 83 | 78 | SPEDDING, 50C | 80 | 80 | 78 | 22.0 | 3000 | 13.8 | 1.8 |
| 102 | 95 | STEEL & TUBE, 50C | 97 | 98 | 97 | 16.5 | 26700 | 8.5 | 3.1 |
| 130 | 97 | SUCKLING | 130 | 130 | 130 | 14.0 | 200 | 10.8 | 3.5 |
| 145 | 135 | TAPPENDEN | 145 | 145 | 137 | 12.0 | 31200 | 8.3 | 3.9 |
| 152 | 145 | TASMAN, 50C | 147 | 150 | 147 | 5.0 | 600 | 1.7 | 11.5 |
| 120 | 120 | TAYLORS | 120 | 120 | 120 | 13.0 | 400 | 10.8 | 3.8 |
| 240 | 225 | TELTHERM | 232 | 232 | 232 | 17.0 | 800 | 7.3 | 5.9 |
| 79 | 75 | THL GROUP,50C | 77 | 78 | 76 | 14.0 | 29100 | 9.1 | 3.6 |
| 380 | 345 | T J EDMONDS | 375 | 375 | 375 | 17.5 | 200 | 4.7 | 7.5 |
| 100 | 90 | TOLLEY | 90 | 94 | 90 | 10.0 | 6100 | 11.1 | 2.8 |
| 80 | 72 | TOUR FIJI | 80 | 80 | 80 | ... | 800 | ... | ... |
| 45 | 45 | TRANS ASHBURTON, 50C | 45 | ... | ... | 10.5 | 0 | 11.7 | 11.8 |
| 125 | 120 | TRANS HOLDS | 121 | 123 | 121 | 11.0 | 11500 | 9.1 | 4.8 |
| 115 | 105 | TRANS (NTH. CANT.) | 105 | 105 | 105 | 12.5 | 200 | 11.9 | 2.5 |
| 150 | 135 | TRANSVISION | 145 | 150 | 145 | 7.5 | 3100 | 5.2 | 12.9 |
| 158 | 140 | U.B.C. | 140 | 150 | 140 | 12.5 | 7100 | 8.9 | 9.9 |
| 94 | 3 | U.E.B.,50C | 90 | 93 | 90 | 17.0 | 58400 | 9.4 | 4.0 |
| 95 | 95 | UNITED BLDG | 95 | ... | ... | 15.0 | 0 | 15.8 | 6.7 |
| 135 | 125 | UNITED PUBLISHING,50C | 125 | 130 | 125 | 18.0 | 1700 | 7.2 | 4.0 |
| 75 | 52 | VACATION,50C | 70 | 72 | 58 | 9.0 | 77777 | 6.4 | 8.2 |
| 167 | 137 | WAITAKI-NZR | 140 | 145 | 137 | 12.0 | 64200 | 8.6 | 4.4 |
| | | WALKERSHALL | 290 | ... | ... | 13.0 | 0 | 4.5 | 4.0 |
| 95 | 90 | WATTIE,50C | 90 | 91 | 90 | 14.0 | 32600 | 7.8 | 4.1 |
| 350 | 230 | WGTN.GAS | 350 | 350 | 350 | 12.0 | 3900 | 3.4 | 4.8 |
| 90 | 90 | WILKINS & DAVIES | 90 | ... | ... | 3.0 | 0 | 5.6 | 7.8 |
| 172 | 120 | W.JEFFERY | 166 | 166 | 166 | 12.5 | 3000 | 7.5 | 4.9 |
| 260 | 230 | WILSON & HORTON | 255 | 260 | 255 | 17.0 | 8400 | 6.7 | 5.1 |
| 115 | 100 | WILSON DISTILLERS | 115 | 115 | 115 | ... | 4400 | ... | 56.0 |
| 315 | 290 | WILSON NEILL | 300 | 315 | 295 | 15.0 | 2200 | 5.0 | 5.9 |
| 91 | 80 | WINSTONE,50C | 86 | 86 | 86 | 14.5 | 42900 | 8.4 | 5.9 |
| 189 | 189 | W'WTHS (AUST),50C | 189 | ... | ... | 17.0 | 0 | 4.5 | 23.0 |
| 320 | 300 | WORMALD | 320 | 320 | 320 | 14.0 | 4900 | 4.4 | 6.0 |
| | | W.R.CARPENTER,50C | 146 | ... | ... | 23.0 | 0 | 7.9 | 7.7 |
| 112 | 105 | W.SUTHERLAND | 112 | ... | ... | ... | 0 | ... | 2.0 |
| | | ZEALANDIA | 225 | ... | ... | 10.0 | 0 | 8.9 | 5.6 |

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